Arrow Electronics (UK) Limited

Report and Financial Statements

31 December 2007

Registered No: 2582534

Directors
S Enslev
P J Reilly
P Brown

Secretary
P Viera

Auditors
Ernst & Young LLP
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Bankers
HSBC Bank Plc
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Directors' report

The directors present their report and financial statements for the year ended 31 December 2007.

Results and dividends

The profit for the year amounted to £8,991,000 (2006: profit of £6,974,000) after exceptional income of £1,235,000 (2006: cost of £629,000). 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 decreased in 2007 from 2006 due to a general market decline, but remained much higher than in 2005.

During the year the business moved from offices in Edinburgh Way, Harlow to new offices in London Road, Harlow. The net book value of the lease at the time of the sale was £nil. The sale generated a net gain of £4,249k. In addition, a sister company moved inventory from the Microtronica Distribution Centre in Bedford to Germany, which resulted in a large proportion of the Bedford site being left vacant. A one off provision was booked in 2007 in respect of the onerous lease of £2,937k.

Future developments

Trading conditions in the UK have been challenging during 2008. This is expected to continue in 2009.

Directors

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

A Oag	(Resigned 16th May 2007)
S Enslev	(Appointed 16th May 2007)
P J Reilly	
P Brown	
A King	

On 22nd April 2008, A King resigned as 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 £162,079, a decrease of 11.9% compared to prior year (2006: £183,887).
Gross Profit before distribution and administration costs was £25,943 for the period (2006: £29,521).
Distribution Costs were 11.0% of sales for 2007 at £17,868 compared to 11.0% for 2006.
Administration Costs (continuing) were 1.3% of sales for 2007 at £2,052 compared to 1.2% for 2006.
Operating Profits for the period were £7,258 compared to £6,306 for the prior year.
Net Interest Income increased 54.2% to £1,881.
Net Profit after taxation was £8,991 for the period compared to £6,974 in 2006.

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.

Directors' report

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.

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 held by other group companies.

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 12 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 by other group companies.

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 £1,270 (2006: £5,856).

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 2007 the company had an average of 29 days (2006: 29 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

P Viera
Secretary 28|1|09

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 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21. 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 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 2007 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 LLP
Registered Auditor
Luton

30 January 2009

Profit and loss account
for the year ended 31 December 2007

	Notes	*2007* *£000*	*2006* *£000*
Turnover	2	162,079	183,887
Cost of sales		136,136	154,366
Gross profit		25,943	29,521
Distribution costs		17,868	20,307
Administrative expenses:			
Continuing		2,052	2,279
Exceptional		(1,235)	629
Total administrative expenses		817	2,908
Operating profit	3	7,258	6,306
Interest receivable	8	2,182	1,450
Interest payable and similar charges	9	(301)	(230)
		1,881	1,220
Profit on ordinary activities before taxation		9,139	7,526
Tax on profit on ordinary activities	10	(148)	(552)
Profit for the financial year	20	8,991	6,974

There are no recognised gains and losses for the period other than the profit for the year which is derived from continuing activities.

Balance sheet
at 31 December 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	11	2,903	1,601
Current assets			
Debtors	12	71,016	61,924
Cash at bank		35,675	40,168
		106,691	102,092
Creditors: amounts falling due within one year	13	47,810	53,682
Net current assets		58,881	48,410
Total assets less current liabilities		61,784	50,011
Creditors: amounts falling due after more than one year	14	36,586	36,586
Provisions for liabilities and charges	16	3,503	1,024
		21,695	12,401
Capital and reserves			
Called up share capital	19	5,500	5,500
Share premium account	20	16,500	16,500
Profit and loss account	20	(1,104)	(10,095)
Equity reserve	20	799	496
Equity shareholders' funds	20	21,695	12,401

On behalf of the board

S Enslev
Director

28/1/09

Notes to the financial statements
at 31 December 2007

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.

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 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.

Fixed assets
All fixed assets 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
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 2007

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 exception:

- 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.

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 2007

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):

		2007 *£000*	*2006* *£000*
Auditors' remuneration	- audit services	31	33
	- non-audit services	0	0
		31	33
Depreciation of owned fixed assets		849	372
Profit on disposal of fixed assets		(4,363)	(16)
Operating lease rentals	- land and buildings	1,293	923
	- plant and machinery	511	648
Share based payments		303	209

4. Exceptional items

	2007 *£000*	*2006* *£000*
Recognised in arriving at operating profit:		
Reorganisation Costs	(77)	-
Sale of Long Leasehold Property	4,363	-
Other costs of office move	(114)	
Distribution Centre Onerous Contracts	(2,937)	-
Administrative expenses	-	(629)
	(1,235)	(629)

The Reorganisation Costs include redundancy costs from certain parts of the business.

In 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 £4,363k (included in note 3). Other costs of £114k were incurred during the resulting move.

In September, Microtronica Limited, a group company, who previously occupied a Distribution Centre in Bedford where the property lease was in the name of Arrow Electronics UK Limited, moved their inventory to Germany and vacated the building. This resulted in an onerous contract in the name of Arrow Electronics UK Limited. This was provided for in 2007 and the lease cost is shown under the above heading Distribution Centre Onerous Contracts.

In 2006 the exceptional administrative expenses of £629k related to vacant property provision, dilapidation costs and redundancy costs.

Notes to the financial statements
at 31 December 2007

5. Staff costs

	2007 *£000*	*2006* *£000*
Wages and salaries	14,292	14,264
Social security costs	1,429	1,398
Other pension costs (note 15)	1,066	1,020
	16,787	16,682

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

	2007 *No.*	*2006* *No.*
Directors	2	2
Staff	344	355
	346	357

6. Directors' emoluments

	2007 *£000*	*2006* *£000*
Emoluments	403	355
Value of company pension contributions to pension plans	37	21

	2007 *No.*	*2006* *No.*
Members of pension plans	2	2

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

	2007 *£000*	*2006* *£000*
Emoluments	243	190
Value of company pension contributions to pension plan	16	12

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 2007 and 31 December 2006.

Notes to the financial statements
at 31 December 2007

7. Share based payments

2004 Omnibus Incentive Plan Awards.

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.

	2007 No	*2007 WAEP*	*2006 No*	*2006 WAEP*
Outstanding as at 1 January	143,500	$25.21	112,350	$22.33
Granted during the year	30,900	$38.29	31,150	$35.59
Forfeited/expired during the year	(18,600)	$25.21	-	-
Outstanding at 31 December	155,800	$30.81	143,500	$25.21
Exerciseable at 31 December	29,400		33,750	

Performance Share Awards

The ultimate parent company has granted a specific number of performance shares to certain key members of management. The employees are able to earn between 0% and 200% of these shares based on the company's financial performance over a 3 year cycle beginning in the January of the year of the award. Performance shares are awarded at the conclusion of the performance period.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movement in, the group 2004 omnibus incentive plan share options during the year.

	2007 No	*2007 WAEP*	*2006 No*	*2006 WAEP*
Outstanding as at 1 January	8,850	$29.18	5,800	$25.81
Granted during the year	3,450	$38.29	3,050	$35.59
Exercised during the year	(2,750)	$24.60	-	$0.00
Outstanding at 31 December	9,550	$33.79	8,850	$29.18
Exercisable at 31 December	3,050	$26.90	2,750	$24.60

The range of exercise prices for options outstanding at year end was $24.60 to $38.29 (2006: $13.85 to $35.59).

The expense is set out in note 3.

Notes to the financial statements
at 31 December 2007

7. 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:

	2007	*2006*
Fair value of stock options granted	\$38.29	\$35.59
Risk free interest rate	4.68%	4.7%
Expected life (in years)	3.56	4.4
Expected volatility	28.76%	35%
Expected dividend yield	–	–

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.

8. Interest receivable

	2007 *£000*	*2006* *£000*
Bank interest receivable	2,182	1,450

9. Interest payable and similar charges

	2007 *£000*	*2006* *£000*
Bank interest payable	237	157
Other interest payable	64	73
	301	230

10. Tax
(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2007 *£000*	*2006* *£000*
Current tax:		
UK corporation tax	–	–
Total current tax (note 10(b))	–	–
Deferred tax:		
Origination and reversal of timing differences		
Current period	(70)	1,538
Prior period	112	(986)
Rate change	106	–
Tax on profit on ordinary activities	148	552

Notes to the financial statements
at 31 December 2007

10. Tax (continued)
(b) Factors affecting current tax charge

	2007 £000	2006 £000
Profit on ordinary activities before taxation	9,139	7,526
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2006: 30%)	2,742	2,258
Expenses not deductible for tax purposes	149	101
Income not taxable	(1,303)	–
Accelerated capital allowances	4	(98)
Group relief	(2,444)	(758)
Other timing differences	66	166
Utilisation of tax losses	–	(1,669)
Chargeable gains	786	–
Total current tax	–	–

(c) Deferred tax

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

	2007 £000	2006 £000
Included in debtors (note 12)	1,481	1,629

Deferred taxation provided in the financial statements as follows:

	2007 Provided £000	2006 Provided £000
Depreciation in advance of capital allowances	1,147	1,226
Other timing differences	334	403
Deferred tax asset	1,481	1,629

Roll forward of deferred tax:

	£000
Balance brought forward at 1 January 2007	1,629
Current period	70
Prior period	(112)
Impact of rate change	(106)
Balance carried forward at 31 December 2007	1,481

Notes to the financial statements
at 31 December 2007

11. Tangible fixed assets

	Short leasehold improvements £000	*Equipment and motor vehicles £000*	*Total £000*
Cost:			
At 1 January 2007	2,205	3,008	5,213
Additions	984	1,179	2,163
Disposals	(298)	(1,643)	(1,941)
At 31 December 2007	2,891	2,544	5,435
Depreciation:			
At 1 January 2007	1,139	2,473	3,612
Provided during the year	459	390	849
Disposals	(298)	(1,631)	(1,929)
At 31 December 2007	1,300	1,232	2,532
Net book value:			
At 31 December 2007	1,591	1,312	2,903
At 1 January 2007	1,066	535	1,601

12. Debtors

	2007 £000	*2006 £000*
Trade debtors	34,520	40,107
Amounts owed by group undertakings	34,431	19,758
Prepayments and accrued income	584	430
Deferred tax	1,481	1,629
	71,016	61,924

13. Creditors: amounts falling due within one year

	2007 £000	*2006 £000*
Bank overdraft	8,629	6,828
Trade creditors	639	1,145
Amounts owed to group undertakings	32,604	39,737
Other taxation and social security	4,427	4,458
Accruals and deferred income	1,511	1,514
	47,810	53,682

Notes to the financial statements
at 31 December 2007

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

	2007 £000	2006 £000
Amounts owed to group undertakings	36,586	36,586

15. Pensions

The company operates 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 £1,066,000 (2006: £1,020,000).

The unpaid contributions outstanding at the year end, included in 'Accruals and deferred income' (note 13) are £96,939 (2006: £96,598).

16. Provisions for liabilities and charges

	£000
At 1 January 2007	1,024
Arising during the year	2,963
Utilised in the year	(484)
At 31 December 2007	3,503

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

The additional provision during the year relates almost entirely to the Distribution Centre onerous contract. Refer to Note 4 – Exceptional Items. In addition there is an amount of £26k in relation to restructuring costs.

17. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below:

	2007		2006	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	28	170	36	216
In two to five years	221	341	224	432
In over five years	828	–	675	–
	1,077	511	935	648

18. 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 2007

19. Share capital

		Authorised
	2007	*2006*
	£000	*£000*
Ordinary shares of £1 each	5,500	5,500

				Allotted, called up and fully paid
		2007		*2006*
	No.	*£000*	*No.*	*£000*
Ordinary shares of £1 each	5,500,002	5,500	5,500,002	5,500

20. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Share premium account*	*Equity*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 January 2007	5,500	16,500	496	(10,095)	12,401
Profit for the year	–	–	–	8,991	8,991
Share Based Payment	–	–	303		303
At 31 December 2007	5,500	16,500	799	(1,104)	21,695

Notes to the financial statements
at 31 December 2006

21. Ultimate parent company
Arrow Electronics (UK) Limited is a 100% subsidiary of Arrow Electronics UK Holding Limited.

The parent undertaking of the smallest and largest group of undertakings for which the group accounts are drawn up and of which the company is a member is Arrow Electronics Inc, incorporated in the USA who are regarded as the ultimate parent company.

Arrow Electronics Inc. has included the company in its group accounts. Copies of the accounts of Arrow Electronics Inc. are available from:

Arrow Electronics Inc.
50 Marcus Drive
Melville
New York
11747 USA