

Memec Group Limited

Directors' report and financial statements

29 June 2008

Registered number: 03985622

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Memec Group Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 29 June 2008.

Principal activity

The principal activity of the company is to act as an intermediate holding company and treasury services company for its subsidiaries whose principal activities are the marketing and distribution of advanced semiconductor products.

During the period following a rationalisation of the group structure two of the subsidiaries of the company were placed into liquidation.

The directors consider the US dollar (\$) to be the functional currency and therefore the financial statements are presented in that currency.

On 28 September 2007 the previous headquarters and warehousing facilities for the Memec group of companies were disposed of and the profit on the sale of this asset of \$4.5m is reported in these financial statements.

On 4 October 2007 the liquidation of Memec Overseas Holdings Limited concluded with a final distribution of \$108,605,609 and a resulting profit on disposal of \$8.6m.

Results and dividends

The audited financial statements for the year ended 29 June 2008 are set out on pages 4 to 12. The directors recommended no dividend in the current year (2007 – \$nil).

Directors

The directors who held office during the year were as follows:

N Taylor (Resigned 24 October 2007)

D Birk (Appointed 24 October 2007)

RJ Sadowski

Memec Group Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board,



R Sadowski
Director

3/2/9

3 February 2009

Avnet House, Rutherford Close, Stevenage, Hertfordshire, SG1 2EF

Memec Group Limited

Independent auditors' report to the members of Memec Group Limited

We have audited the financial statements of Memec Group Limited for the year ended 29 June 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's 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 law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 June 2008 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

10 February 2009

Aquis Court
31 Fishpool Street
St Albans
Herts, AL3 4RF
United Kingdom

Memec Group Limited

Profit and loss account

For the year ended 29 June 2008

		Year ended 29 June 2008	Year ended 1 July 2007 (As restated)
	Notes	\$000s	\$000s
Administrative expenses		1,246	1,713
Other operating income		(787)	(831)
Operating loss	2	(459)	(882)
Profit / (loss) on disposal of fixed asset investments	7	8,606	(916)
Profit on disposal of building		4,477	-
Impairment of fixed asset investments	7	(4,744)	(2,485)
Interest receivable and similar income	3	1,512	2,530
Interest payable and similar charges	4	(182)	(2,591)
Profit / loss on ordinary activities before taxation		9,210	(4,344)
Taxation on profit / (loss) on ordinary activities	5	1,224	230
Profit / (loss) for the financial period	12	10,434	(4,114)

The results shown above are in respect of continuing operations. The company has no recognised gains or losses in the current period other than those reported above.

The accompanying notes on pages 6 to 12 are an integral part of the financial statements.

Memec Group Limited

Balance sheet At 29 June 2008

	Notes	29 June 2008 \$000s	1 July 2007 \$000s
Fixed assets			
Tangible assets	6	609	772
Investments	7	869	105,487
		<u>1,478</u>	<u>106,259</u>
Current assets			
Debtors	8	47,484	47,436
Cash at bank and in hand		-	278
		<u>47,484</u>	<u>47,714</u>
Creditors: Amounts falling due within one year	9	<u>(2,426)</u>	<u>(117,871)</u>
Net current assets / (liabilities)		<u>45,058</u>	<u>(70,157)</u>
Net assets		<u>46,536</u>	<u>36,102</u>
Capital and reserves			
Called-up share capital	11	39,200	39,200
Profit and loss account	12	7,336	(3,098)
Shareholders funds	13	<u>46,536</u>	<u>36,102</u>

These financial statements were approved by the Board of Directors on 3 February 2009 and were signed on its behalf by:



R Sadowski
Director

3/2/9

The accompanying notes on pages 6 to 12 are an integral part of the financial statements.

Memec Group Limited

Notes forming part of the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below:

a) *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228A of the Companies Act 1985 from requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Management has reassessed the presentation of rental income and rental expense in these financial statements and has concluded that it is more appropriate to show these items as separate items on the face of the profit and loss account. This has resulted in a reclassification between Administrative expense and Other operating income of \$831,000 in the comparative period ending 1 July 2007.

b) *Investments*

In the company's accounts, investments in subsidiary undertakings are stated at cost less provisions for impairment, if any.

c) *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

d) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2 Operating loss

The operating loss before tax is stated after:-

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
Auditors' remuneration – audit of these financial statements	15	15
Auditors' remuneration – audit of financial statements of parent company	9	18
Auditors' remuneration – audit of financial statements of subsidiaries	-	-

There were no amounts receivable by the auditors and their associates in respect of non-audit services.

All payroll costs are borne by the company's ultimate parent, Avnet Inc.

Memec Group Limited

Notes forming part of the financial statements (continued)

3 Interest receivable and similar income

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
Other external interest receivable	29	-
Foreign exchange gain	-	390
Interest receivable from other group companies	1,483	2,140
	<u>1,512</u>	<u>2,530</u>

4 Interest payable and similar charges

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
Interest payable to group companies	12	2,591
Foreign exchange loss	170	-
	<u>182</u>	<u>2,591</u>

5 Taxation

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
<i>Analysis of tax credit in year</i>		
<i>UK Corporation tax</i>		
Current tax on income for the period	315	-
Group relief credit	-	(230)
Adjustments to prior year	(1,539)	-
Total current tax charge / (credit)	<u>(1,224)</u>	<u>(230)</u>
Taxation on (loss) / profit on ordinary activities	<u>(1,224)</u>	<u>(230)</u>

Memec Group Limited

Notes forming part of the financial statements (continued)

5 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax credit for the period ended 29 June 2008 is the lower than (2007: credit is higher than) the standard rate of corporation tax in the UK 29.5% (2007 30%). The differences are explained below:

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before taxation	9,210	(4,344)
Current tax at 29.5% (2007: 30%)	2,717	(1,304)
<i>Effects of:</i>		
Non deductible expenses	44	16
Non taxable profit on disposal of property held for resale	(1,321)	-
Non taxable / deductible profit / loss on disposal of investment in subsidiary	(2,538)	275
Non deductible impairment in investment in subsidiaries	1,399	746
Non deductible impairment in property value	-	142
Short term timing differences	-	53
Impact of rate change	14	-
Tax losses carried forward to future periods	-	54
Utilization of brought forward tax losses	-	(212)
Adjustments in respect of prior periods	(1,539)	
Total current tax charge / (credit) (see above)	(1,224)	(230)

The standard UK rate of corporation tax was decreased from 30% to 28% with effect from 1 April 2008.

Memec Group Limited

Notes forming part of the financial statements (continued)

6 Tangible fixed assets

	Buildings \$000s
<i>Cost</i>	
As at 1 July 2007 and 29 June 2008	<u>1,245</u>
<i>Depreciation / Provision</i>	
As at 1 July 2007	473
Impairment provision in the period	163
As at 29 June 2008	<u>636</u>
<i>Net Book Value</i>	
As at 29 June 2008	<u>609</u>
As at 1 July 2007	<u>772</u>

7 Fixed asset investments

	Shares in group undertakings \$000s
<i>Cost</i>	
As at 1 July 2007	109,096
Additions	126
Disposals	(100,000)
As at 29 June 2008	<u>9,222</u>
<i>Provision</i>	
As at 1 July 2007	3,609
Impairment provision in the period	4,744
As at 29 June 2008	<u>8,353</u>
<i>Net Book Value</i>	
As at 29 June 2008	<u>869</u>
As at 1 July 2007	<u>105,487</u>

During the period the investment in Memec Poland s.p.z.oo was increased to fund the costs of the ongoing liquidation of that company by \$126,000.

The investment in Memec Overseas Holdings Limited is recorded as a disposal in the period following the conclusion of the liquidation of that company on 4 October 2007 with a final distribution of \$108,605,609 made in specie to Memec Group Limited. This resulted in a profit on disposal of \$8,605,609.

The company evaluated the carrying value of all investments and following that exercise increased the impairment provision by \$4,744,189 which represents the write down of the investments in Memec Japan KX, Memec New Zealand Pty Limited, Memec Poland s.p.z.oo and Memec Belgium NV to net realizable value as at 29 June 2008.

Memec Group Limited

Notes forming part of the financial statements (continued)

7 Fixed asset investments (Continued)

The company has an investment in the following principal subsidiary undertakings:

Principal subsidiary undertakings	Country of incorporation and operation	Principal activity	Proportion of ordinary shares held by the company
Memec New Zealand Pty Limited	New Zealand	Distribution of electronic components	100.0%
Memec Japan KX	Japan	Distribution of electronic components	100.0%
Memec Poland s.p.z.oo	Poland	In liquidation	100.0%
Memec Belgium NV	Belgium	In liquidation	99.6%

8 Debtors

	29 June 2008 \$000s	1 July 2007 \$000s
Amounts falling due within one year:		
Assets held for resale	-	6,035
Other debtors	122	26
Amounts owed by group companies	47,362	41,375
	47,484	47,436

9 Creditors

	29 June 2008 \$000s	1 July 2007 \$000s
Amounts falling due within one year:		
Amounts owed to group companies	2,248	114,856
Other creditors	-	1,740
Accruals and deferred income	178	1,275
	2,426	117,871

Memec Group Limited

Notes forming part of the financial statements (continued)

10 Deferred Taxation

The amount of unprovided deferred tax assets is stated below;

	29 June 2008 \$000s	31 December 2007 \$000s
Short term timing differences	-	52
Tax losses not recognised	3,717	3,234
	<u>3,717</u>	<u>3,286</u>

The deferred tax asset disclosed above has not been recognized in these financial statements on the basis that the directors do not feel that it is appropriate to recognise the asset in the light of current trading conditions.

11 Called-up share capital

	29 June 2008 \$000s	1 July 2007 \$000s
<i>Authorised share capital</i>		
Equity: 39,200,002 ordinary shares of US\$1 each	<u>39,200</u>	<u>39,200</u>
<i>Allotted, called up and fully paid</i>		
Equity: 39,200,002 ordinary shares of US\$1 each	<u>39,200</u>	<u>39,200</u>

12 Reserves

Movements in reserves during the year are as follows:

	Profit and loss account \$000s	Total \$000s
As at 1 July 2007	(3,098)	(3,098)
Retained profit for the period	10,434	10,434
As at 29 June 2008	<u>7,336</u>	<u>7,336</u>

Memec Group Limited

Notes forming part of the financial statements (continued)

13 Reconciliation of movements in shareholder's funds

	Year ended 29 June 2008 \$000s	18 month period ended 1 July 2007 \$000s
Opening shareholder's funds	36,102	40,216
Profit / (loss) for the financial period	10,434	(4,114)
Closing shareholder's funds	<u>46,536</u>	<u>36,102</u>

14 Guarantees and other financial commitments

At the end of the period, the company had no capital commitments (2007 – \$nil).

15 Ultimate parent company and related party information

The immediate parent undertaking is Avnet Holdings (UK) Limited.

The ultimate parent company and the largest group in which the results of the company are consolidated is Avnet Inc., a company incorporated in the United States of America. The consolidated accounts of this group are available to the public and may be obtained from Avnet Inc., Investor Relations, 2211 South 47th Street, Phoenix, Arizona 85034, USA or by visiting Avnet Inc.'s Investor Relations website at www.ir.avnet.com.

The smallest group in which the results of the company are consolidated is that headed by Avnet Holdings (UK) Limited. These accounts are available at the registered office of Avnet Holdings (UK) Limited, Avnet House, Rutherford Close, Stevenage, SG1 2EF, UK.

The company's investment in subsidiary undertakings is set out in Note 7 to the accounts.

As over 90% of the voting rights of the company are controlled within the group, the company has taken advantage under the exemptions permitted by Financial Reporting Standard 8 to not disclose details of balances held with other companies within the group.