

MEMEC GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 JULY 2016

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MEMEC GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

W Crowell
M McCoy

REGISTERED NUMBER

3985622

REGISTERED OFFICE

Avnet House
Rutherford Close
Stevenage
Hertfordshire
SG1 2EF

MEMEC GROUP LIMITED

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MEMEC GROUP LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 2 JULY 2016**

BUSINESS REVIEW

During the period the underlying financial performance of the Japanese operations remained strong.

The improvement in exchange rate between U.S. Dollars and Japanese Yen has had an impact on the valuation of the Japanese investments and in addition caused a foreign exchange gain to be recorded in the period of \$599,000 (In 2015 this was a loss of \$1,260,000), mainly resulting from the Japanese Yen denominated loan with the Japanese operations. This loan was repaid in full in April 2016.

Following a review of the investments of the company a decision has been made to reduce the impairment provisions by \$41,522,000 in the period, mainly as a result of the change in exchange rate between U.S Dollars and Japanese Yen. The June 2016 exchange rate was 103.26 JPY to USD vs a June 2015 exchange rate of 123.62. In the prior period there was a \$14,735,000 increase in impairment provision.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the principal risks and uncertainties faced by the company are in the following categories:

Economic risk

The main economic risks are regarded as being changes in the performance and hence valuation of the company's investments in the form of operating subsidiaries, the adequacy of capital levels of the company if the ongoing financing costs of the company are not covered by returns from investments or additional capital or funding.

This risk is managed by the monitoring of the performance and valuation of investments and adjustments to funding and financial arrangement as deemed necessary.

Competition risk

The directors of the company and subsidiaries manage competition risk through close attention to alternative sources of financing.

Currency exchange risk

The directors of the company use foreign currency hedges each month to attempt to eliminate any exposure of foreign currency denominated asset and liability balances to changes in foreign currency exchange rates after the balance sheet date.

Financial risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage financial risk.

This report was approved by the board on 9 December 2016 and signed on its behalf.


W Crowell
Director

MEMEC GROUP LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 2 JULY 2016**

The Directors present their report and the financial statements for the period ended 2 July 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

PRINCIPAL ACTIVITY

The company continues to act as a holding company supporting the Avnet group interests in Japan. The company has no branches outside of the United Kingdom.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to \$42,198k (2015 - loss \$15,952k).

The directors do not recommend the payment of a dividend (2015: \$nil).

DIRECTORS

The Directors who served during the period were:

W Crowell
M McCoy

FUTURE DEVELOPMENTS

The company continues to support the investments held, and the current funding facilities in order to continue to meet the demands of the group.

MEMEC GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JULY 2016**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

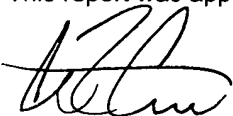
POST BALANCE SHEET EVENTS

On 25th August 2016, the subsidiary Memec (NZ) Limited was sold to a fellow group company, Avnet Holdings (UK) Limited for a total consideration of NZD 64,000 (US\$ 47,000) resulting in a loss on disposal of US\$ 4,020,000. The investment is carried at historic cost less impairment provision in these accounts with a net book value of US\$ 52,000. Therefore no additional impairment is required as of 2 July 2016.

AUDITORS

The auditors, BDO LLP, statutory auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9 December 2016 and signed on its behalf.



W Crowell
Director

MEMEC GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEMEC GROUP LIMITED

We have audited the financial statements of Memec Group Limited for the period ended 2 July 2016 which comprise the statement of comprehensive income, statement of financial position, statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 July 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with those financial statements.

MEMEC GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEMEC GROUP LIMITED
(CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

David Butcher (Senior Statutory Auditor)

for and on behalf of
BDO LLP, statutory auditor

London
United Kingdom

9 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MEMEC GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 2 JULY 2016**

	Note	2016 \$000	2015 \$000
Reversal of impairment / (Impairment) of fixed asset investments		41,522	(14,735)
Administrative expenses		(181)	(434)
Other operating income	4	802	413
Other operating charges		-	(1,260)
OPERATING PROFIT/(LOSS)	5	<u>42,143</u>	<u>(16,016)</u>
Interest receivable and similar income	8	61	67
Interest payable and similar charges	9	(6)	(3)
PROFIT/(LOSS) BEFORE TAX		<u>42,198</u>	<u>(15,952)</u>
Tax on profit/(loss)	10	-	-
PROFIT/(LOSS) FOR THE PERIOD		<u><u>42,198</u></u>	<u><u>(15,952)</u></u>
 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		 <u><u>42,198</u></u>	 <u><u>(15,952)</u></u>

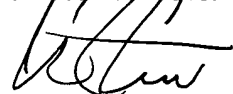
The notes on pages 10 to 22 form part of these financial statements.

MEMEC GROUP LIMITED
REGISTERED NUMBER: 3985622

STATEMENT OF FINANCIAL POSITION
AS AT 2 JULY 2016

	Note	\$000	2 July 2016 \$000	\$000	27 June 2015 \$000
FIXED ASSETS					
Investments	11		220,889		179,367
			<u>220,889</u>		<u>179,367</u>
CURRENT ASSETS					
Debtors: amounts falling due within one year	12	5,744		5,962	
		<u>5,744</u>		<u>5,962</u>	
Creditors: amounts falling due within one year	13	(8)		(508)	
			<u>5,736</u>		<u>5,454</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>226,625</u>		<u>184,821</u>
PROVISIONS FOR LIABILITIES					
Other provisions	15	-		(394)	
			<u>-</u>		<u>(394)</u>
NET ASSETS			<u>226,625</u>		<u>184,427</u>
CAPITAL AND RESERVES					
Called up share capital	16		241,200		241,200
Profit and loss account	17		(14,575)		(56,773)
			<u>226,625</u>		<u>184,427</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 December 2016.



W Crowell
Director

The notes on pages 10 to 22 form part of these financial statements.

MEMEC GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 JULY 2016**

	Called up share capital	Profit and loss account	Total equity
	\$000	\$000	\$000
At 28 June 2015	241,200	(56,773)	184,427
COMPREHENSIVE INCOME FOR THE PERIOD			
Profit for the period	-	42,198	42,198
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	42,198	42,198
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
AT 2 JULY 2016	241,200	(14,575)	226,625

The notes on pages 10 to 22 form part of these financial statements.

MEMEC GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2015**

	Called up share capital	Profit and loss account	Total equity
	\$000	\$000	\$000
At 29 June 2014	241,200	(40,821)	200,379
COMPREHENSIVE INCOME FOR THE PERIOD			
Loss for the period	-	(15,952)	(15,952)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	(15,952)	(15,952)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
AT 27 JUNE 2015	241,200	(56,773)	184,427

The notes on pages 10 to 22 form part of these financial statements.

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

1. GENERAL INFORMATION

MEMEC GROUP LIMITED is a private company limited by shares, incorporated in the United Kingdom, with its registered office at the same address as the principal place of business, in Stevenage, Hertfordshire.

Throughout the notes to the Financial Statements references are made to the Income Statement. The Income Statement is included within the Statement of Comprehensive Income.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 21.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement;
- Key Management Personnel compensation;
- Related party transactions. The Company is exempt under the terms of FRS 102.33 Related Party Disclosures from disclosing related party transactions with entities that are part of the Avnet Inc. group provided that any subsidiary which is party to the transaction is wholly owned by the group;

The following principal accounting policies have been applied:

2.2 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.5 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

2.7 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 29 June 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.9 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

MEMEC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements.

Fixed asset investments

Management estimation is required to determine any potential impairment of investments held in other group companies, as well as estimating the magnitude of the impairment.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

Provisions

Management estimation is required to determine the probability of economic outflow arising from a legal or constructive obligation as a result of a past event, as well as estimating the magnitude of the outflow.

4. OTHER OPERATING INCOME

	2016 \$000	2015 \$000
Property rental income receivable	147	304
Property service charges receivable	56	109
Foreign exchange gain	599	-
	<u>802</u>	<u>413</u>

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

5. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2016 \$000	2015 \$000
Release of surplus on onerous lease provision	(59)	-
(Reversal) of impairment / Impairment of fixed asset investments	(41,522)	14,735
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	1	1
Foreign exchange (gains) / losses	(599)	1,260
	<u> </u>	<u> </u>

During the period, no Director received any emoluments (2015 - \$NIL).

6. AUDITORS' REMUNERATION

	2016 \$000	2015 \$000
FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	1	1
Fees payable to the Company's auditor and its associates for the audit of the annual accounts of fellow group companies	4	-
	<u> </u>	<u> </u>
	5	1
	<u> </u>	<u> </u>

Audit fees for the fellow group companies Avnet Holdings (UK) Limited, Memec Group Holdings Limited and Memec Holdings Limited are borne by the Company in the current period.

7. EMPLOYEES

The Company has no employees other than the Directors, who did not receive any remuneration (2015 - \$NIL).

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 \$000	2015 \$000
Interest receivable from group companies	61	67
	<u> </u>	<u> </u>
	61	67
	<u> </u>	<u> </u>

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 \$000	2015 \$000
Interest payable to group companies	<u>6</u>	<u>3</u>
	<u>6</u>	<u>3</u>

10. TAXATION

	2016 \$000	2015 \$000
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The differences are explained below:

	2016 \$000	2015 \$000
Profit/(loss) on ordinary activities before tax	<u>42,198</u>	<u>(15,952)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	8,440	(3,310)
EFFECTS OF:		
Non-taxable / deductible impairment of fixed asset investments	(8,304)	3,058
Other timing differences	(1)	(1)
Group relief (claimed) / surrendered	<u>(135)</u>	<u>253</u>
TOTAL TAX CHARGE FOR THE PERIOD	<u>-</u>	<u>-</u>

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$000
COST	
At 28 June 2015	247,926
At 2 July 2016	247,926
IMPAIRMENT PROVISION	
At 28 June 2015	68,559
Reversal of provision in the period	(41,522)
At 2 July 2016	27,037
NET BOOK VALUE	
At 2 July 2016	220,889
At 27 June 2015	179,367

Following a review of the investments of the company a decision has been made to reduce the impairment provisions by \$41,522,029 in the period, mainly as a result of the change in exchange rate between U.S Dollars and Japanese Yen. (The June 2016 exchange rate was 103.26 JPY to USD vs a June 2015 exchange rate of 123.62).

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

11. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Memec (NZ) Limited (1)	New Zealand	Ordinary	100 %	Dormant
Avnet KK (1)	Japan	Ordinary	100 %	Distribution
Avnet EM Holdings (Japan) KK	Japan	Ordinary	100 %	Holding company

(1) Owned directly by Memec Group Limited at 2 July 2016. The other companies are owned indirectly.

12. DEBTORS

	2 July 2016 \$000	27 June 2015 \$000
Amounts owed by group undertakings	5,728	5,942
Other debtors	16	20
	5,744	5,962

13. CREDITORS: Amounts falling due within one year

	2 July 2016 \$000	27 June 2015 \$000
Amounts owed to group undertakings	1	505
Accruals	7	3
	8	508

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

14. FINANCIAL INSTRUMENTS

	2 July 2016 \$000	27 June 2015 \$000
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	5,744	5,962
	5,744	5,962
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(8)	(508)
	(8)	(508)

Financial assets measured at amortised cost comprise amounts due by fellow group companies under credit accounts, current accounts and formal loan documents, and other receivable balances from third parties.

Financial liabilities measured at amortised cost comprise amounts due to fellow group companies under credit and current accounts, and accruals for the cost of external services received but not yet paid for.

15 PROVISIONS

	Onerous lease provision \$000
At 2 July 2016	394
Credited to the income statement	(59)
Transferred to a fellow group company	(335)
	-

The property lease underlying this onerous lease provision was transferred to a fellow group company in March 2016. The provision amounting to \$335,000, which relates to ongoing dilapidations claims under this lease, was also transferred to that fellow group company. An excess provision of \$59k, relating to this lease commitment, was credited to the income statement in these accounts.

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

16. SHARE CAPITAL

	2 July 2016 \$000	27 June 2015 \$000
Shares classified as equity		
Allotted, called up and fully paid		
241,200,002 Ordinary shares of \$1 each	<u>241,200</u>	<u>241,200</u>

17. RESERVES

Profit and loss account

The profit and loss account consists of all current and prior period retained profits and losses.

18. COMMITMENTS UNDER OPERATING LEASES

At 2 July 2016 the Company had no future minimum lease payments under non-cancellable operating leases. The lease which constituted the only lease commitment, as disclosed in the prior period, expired during the year and was not renewed.

	2 July 2016 \$000	27 June 2015 \$000
LAND AND BUILDINGS		
Not later than 1 year	<u>-</u>	<u>111</u>
	<u>-</u>	<u>111</u>

19. POST BALANCE SHEET EVENTS

On 25th August 2016, the subsidiary Memec (NZ) Limited was sold to a fellow group company, Avnet Holdings (UK) Limited for a total consideration of NZD 64,000 (US\$ 47,000) resulting in a loss on disposal of US\$ 4,020,000. The investment is carried at historic cost less impairment provision in these accounts with a net book value of US\$ 52,000. Therefore no additional impairment is required as of 2 July 2016.

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

20. CONTROLLING PARTY

The ultimate parent company and ultimate controlling party of Memec Group Limited is Avnet Inc., a company incorporated in the United States of America. The company's immediate parent and controlling party is Avnet Holdings (UK) Limited, a company registered in England and Wales. The financial statements of this company are available to the public and may be obtained from Companies House or from the company's registered address: Avnet House, Rutherford Close, Meadway Technology Park, Stevenage, Hertfordshire SG1 2EF.

The largest and the smallest group in which the results of Memec Group Limited are consolidated is that headed by Avnet Inc. The consolidated financial statements of this group are available to the public and may be obtained from Avnet Inc., 2211 South 47th Street, Phoenix, AZ85034, USA or by visiting Avnet Inc.'s Investor Relations website at www.ir.avnet.com.

MEMEC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016

21. FIRST TIME ADOPTION OF FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 29 June 2014. The impact of the transition to FRS 102 is as follows:

	Note	As previously stated 29 June 2014 \$000	Effect of transition 29 June 2014 \$000	FRS 102 (as restated) 29 June 2014 \$000	As previously stated 27 June 2015 \$000	Effect of transition 27 June 2015 \$000	FRS 102 (as restated) 27 June 2015 \$000
Fixed assets		194,102	-	194,102	179,367	-	179,367
Current assets		7,172	-	7,172	5,962	-	5,962
Creditors: amounts falling due within one year		(287)	-	(287)	(508)	-	(508)
NET CURRENT ASSETS		6,885	-	6,885	5,454	-	5,454
TOTAL ASSETS LESS CURRENT LIABILITIES		200,987	-	200,987	184,821	-	184,821
Provisions for liabilities		(563)	-	(563)	(394)	-	(394)
NET ASSETS		200,424	-	200,424	184,427	-	184,427
Capital and reserves		200,379	-	200,379	184,427	-	184,427

MEMEC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2016**

21. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)

	Note	As previously stated 27 June 2015 \$000	Effect of transition 27 June 2015 \$000	FRS 102 (as restated) 27 June 2015 \$000
Reversal of impairment of fixed asset investments		(14,735)	-	(14,735)
Administrative expenses		(434)	-	(434)
Other operating income	1	413	(1,260)	(847)
OPERATING PROFIT		(14,756)	(1,260)	(16,016)
Interest receivable and similar income	1	104	(37)	67
Interest payable and similar charges	1	(1,300)	1,297	(3)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD		(15,952)	-	(15,952)

Explanation of changes to previously reported profit and equity:

1 FOREIGN EXCHANGE DIFFERENCES:-

Management have reviewed the classification of foreign exchange losses and gains following the transition to FRS102 and have taken the opportunity to reappraise how this item is presented and move foreign exchange losses and gains to other operating charges and income. In 2015 the foreign exchange gain amounted to \$37,000 and the foreign exchange loss amounted to \$1,297,000. The net foreign exchange position was a loss of \$1,260,000.