

Memec Group Limited

Report and Accounts

28 June 2014

**Registered number
3985622**

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Memec Group Limited
Report and accounts
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Memec Group Limited
Company Information

Directors

W Crowell

M McCoy

Auditors

BDO LLP

55 Baker Street

London

W1U 7EU

Registered office

Avnet House

Rutherford Close

Meadway Technology Park

Stevenage

Hertfordshire

SG1 2EF

Registered number

3985622

Memec Group Limited Strategic Report

The directors present their strategic report for the period ended 28 June 2014.

Review of the business

During the period the company continued to act as a holding company.

On 31 October 2013 the immediate subsidiary Memec (NZ) Limited declared a dividend of NZ\$1,966,411.35. This is reflected in the profit and loss account at a value received of \$1,650k. As a result of this payment and the resulting reduction in value of Memec (NZ) Limited, an impairment provision of \$793k has been recorded.

Future developments

The company continues to support and hold subsidiaries in the Asia pacific region.

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.

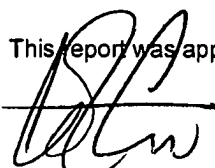
Currency exchange risk

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 and signed on its behalf on 19 December 2014



W Crowell
Director

Memec Group Limited
Directors' Report

The directors present their report and accounts for the period ended 28 June 2014.

Principal activities

The company's principal activity during the period continued to be to act as an intermediate holding and treasury services company for its subsidiaries whose principal activities are the marketing and distribution of advanced semiconductor products.

Results and dividends

The results of the company for the period are set out on page 7. The profit for the period after taxation amounted to \$651,000 (2013: loss of \$5,459,000).

The directors do not recommend the payment of a dividend (2013: \$nil).

Directors

The following persons served as directors during the period:

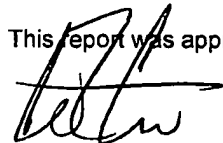
W Crowell
M McCoy

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf on 19 December 2014



W Crowell
Director

Memec Group Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial period. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts 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 accounts, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

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 period ended 28 June 2014 which comprise the profit and loss account, the balance sheet 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 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

As explained more fully in the statement of directors' responsibilities, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 28 June 2014 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.



Iain Henderson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London

19th December 2014

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

Memec Group Limited
Profit and Loss Account
for the period from 30 June 2013 to 28 June 2014

	Notes	2014 \$'000	2013 \$'000
Administrative expenses		(468)	(467)
Impairment of fixed asset investments	7	(793)	-
Dividend income from investments		1,650	-
Acquisition costs		-	(3,260)
Lease provision		-	(526)
Other operating income		440	423
Operating profit/(loss)	2	829	(3,830)
Interest receivable and similar income	3	98	218
Interest payable and similar charges	5	(276)	(1,847)
Profit/(loss) on ordinary activities before taxation		651	(5,459)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) for the period		651	(5,459)

Continuing operations

None of the company's activities were acquired or discontinued during the above two periods.

Statement of total recognised gains and losses

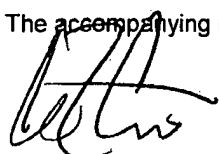
The company has no recognised gains or losses other than the profit/(loss) for the above two periods.

The accompanying notes on pages 9 to 14 are an integral part of the financial statements.

Memec Group Limited
Registered number: 3985622
Balance Sheet
as at 28 June 2014

	Notes	2014 \$'000	2013 \$'000
Fixed assets			
Investments	7	194,102	194,895
Current assets			
Debtors	8	7,127	7,402
Creditors: amounts falling due within one year	9	(287)	(1,826)
Net current assets		<u>6,840</u>	<u>5,576</u>
Total assets less current liabilities		<u>200,942</u>	<u>200,471</u>
Provisions for liabilities			
Other provisions	10	(563)	(743)
Net assets		<u>200,379</u>	<u>199,728</u>
Capital and reserves			
Called up share capital	11	241,200	241,200
Profit and loss account	12	(40,821)	(41,472)
Shareholders' funds	13	<u>200,379</u>	<u>199,728</u>

The accompanying notes on pages 9 to 14 are an integral part of the financial statements.



W Crowell
Director

Approved by the board on 19 December 2014

Memec Group Limited
Notes to the Accounts
for the period from 30 June 2013 to 28 June 2014

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. Under FRS 1 Cash Flow Statements (revised), 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.

As 100% of the voting rights of the company are controlled within the Avnet Inc. group, the company has taken advantage under the exemptions permitted by FRS 8 Related Party Disclosures to not disclose details of balances held with other companies within that group.

Going concern

The Directors have considered the going concern of the company and have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Investments

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

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

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 Deferred Tax.

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 translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Functional currency and denomination of foreign currency share capital

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

Memec Group Limited
Notes to the Accounts
for the period from 30 June 2013 to 28 June 2014

2 Operating profit/(loss)	2014 \$'000	2013 \$'000
This is stated after charging/(crediting):		
Impairment of fixed asset investments	793	-
Dividend income from investments	(1,650)	-
Acquisition costs	-	3,260
Lease provision	-	526
Auditors' remuneration for audit services	1	2

On 31 October 2013 the immediate subsidiary Memec (NZ) Limited declared a dividend of NZ\$1,996,411.35 (\$1,650k).

3 Interest receivable and similar income	2014 \$'000	2013 \$'000
Foreign exchange gain	19	113
Interest receivable from other group company	79	105
	<u>98</u>	<u>218</u>

4 Directors' emoluments

The directors of the company receive their remuneration from a fellow group company.

5 Interest payable and similar charges	2014 \$'000	2013 \$'000
Bank loans and overdrafts	13	14
Foreign exchange loss	263	1,833
	<u>276</u>	<u>1,847</u>

Memec Group Limited
Notes to the Accounts
for the period from 30 June 2013 to 28 June 2014

6 Taxation	2014 \$'000	2013 \$'000
Analysis of charge in period		
Tax on profit/(loss) on ordinary activities	-	-
	2014 \$'000	2013 \$'000
Profit/(loss) on ordinary activities before tax	651	(5,459)
Standard rate of corporation tax in the UK	22.5%	23.75%
	\$'000	\$'000
Profit on ordinary activities multiplied by the standard rate of corporation tax	146	(1,297)
Effects of:		
Expenses not deductible for tax purposes	-	777
Losses surrendered by group undertakings	47	520
Dividend income not taxable	(371)	-
Impairment provision not tax deductible	178	-
Current tax charge for period	-	-

Tax losses of \$10,761,000 (2013: \$10,761,000) are available for future periods with an unrecognised deferred tax asset of \$2,152,000 (2013: \$2,744,000).

Deferred tax assets have not been recognised in respect of these losses as there is insufficient certainty over the timing and extent of future profits.

Memec Group Limited
Notes to the Accounts
for the period from 30 June 2013 to 28 June 2014

7 Fixed asset investments

	Investments in subsidiary undertakings \$'000
Cost	
At 30 June 2013	247,926
At 28 June 2014	<u>247,926</u>
Impairment provision	
At 30 June 2013	53,031
Additions	793
At 28 June 2014	<u>53,824</u>
Net Book Value	
At 28 June 2014	<u>194,102</u>
At 30 June 2013	<u>194,895</u>

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 (NZ) Limited (1)	New Zealand	Dormant	100%
Avnet Internix KK (1) (2) (3)	Japan	Distribution	100%
Avnet EM Holdings (Japan) KK	Japan	Holding company	100%
Unidux Inc	Japan	Distribution	100%
Internix Hong Kong Ltd	Hong Kong	Distribution	100%

(1) Owned directly by Memec Group Limited at 28 June 2014. The other companies are owned indirectly.

(2) On 1 July 2013 Avnet Japan Co Limited changed its name to Avnet Internix KK.

(3) On 1 July 2013 Internix Incorporated was merged with Avnet Japan Co Limited resulting in the dissolution of Internix Incorporated.

On 31 October 2013, the subsidiary Memec (NZ) Limited declared a dividend of NZ\$1,966,411.35 (\$1,650). As a result of this an impairment provision of \$793k has been recorded in the accounts.

Memec Group Limited
Notes to the Accounts
for the period from 30 June 2013 to 28 June 2014

8 Debtors	2014 \$'000	2013 \$'000
Amounts owed by group undertakings and undertakings in which the company has a participating interest	7,094	7,301
Other debtors	33	101
	<u>7,127</u>	<u>7,402</u>

A loan of JPY 689,462,400 was made to a fellow group company on 16 July 2010. This is repayable on demand and accrues interest at a rate of 3 month JPY LIBOR plus a margin of 1%.

9 Creditors: amounts falling due within one year	2014 \$'000	2013 \$'000
Amounts owed to group undertakings and undertakings in which the company has a participating interest	246	1,790
Other creditors	39	35
Accruals and deferred income	2	1
	<u>287</u>	<u>1,826</u>

10 Provisions for liabilities and charges	2014 \$'000	2013 \$'000
At 30 June 2013	743	387
Utilised in the period	(180)	(170)
Increase in provision	-	526
At 28 June 2014	<u>563</u>	<u>743</u>

This is an onerous lease provision relating to a vacant site.

11 Share capital	Nominal value	2014 Number	2014 \$'000	2013 \$'000
Allotted, called up and fully paid:				
Ordinary shares	\$1 each	241,200,002	<u>241,200</u>	<u>241,200</u>

12 Profit and loss account	2014 \$'000	2013 \$'000
At 30 June 2013	(41,472)	(36,013)
Profit/(loss) for the period	651	(5,459)
At 28 June 2014	<u>(40,821)</u>	<u>(41,472)</u>

Memec Group Limited
Notes to the Accounts
for the period from 30 June 2013 to 28 June 2014

13 Reconciliation of movement in shareholders' funds	2014 \$'000	2013 \$'000
At 30 June 2013	199,728	123,187
Profit/(loss) for the financial period	651	(5,459)
Shares issued	-	82,000
At 28 June 2014	<u>200,379</u>	<u>199,728</u>

14 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 \$'000	Land and buildings 2013 \$'000
Operating leases which expire: within two to five years	<u>398</u>	<u>398</u>

15 Ultimate controlling party

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, USA or by visiting Avnet Inc.'s Investor Relations website at www.ir.avnet.com.