

Registered Number: 3985622

Memec Group Limited  
Annual report  
for the year ended 31 December 2004



# **Memec Group Limited**

## **Annual report for the year ended 31 December 2004**

### **Contents**

	<b>Page</b>
Directors' report	1-2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6-16

# Memec Group Limited

1

## Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

### Principal activities, business review and future developments

The principal activity of the company during the year was 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.

The directors consider the trading results for the year, and the company's financial position at the end of the year to be in line with expectations and are shown in the attached financial statements.

The company successfully completed a \$200 million refinancing of its debt facilities in June 2004, and has the continued support of its banking group.

The directors consider the US dollar to be the functional currency of the company and therefore the financial statements have been presented in that currency. Details of exchange rates are given in note 1 to the financial statements.

### Results and dividends

The company's loss for the year is \$13,020,000 (2003: \$34,275,000) which will be deducted from reserves.

The directors do not recommended the payment of a final dividend (2003: \$nil).

### Post balance sheet event

On 26 April 2005, Memec Group Holdings Limited, the ultimate holding company, entered into a definitive agreement whereby Memec Group Holdings Limited would be acquired by Avnet Inc. This agreement is subject to regulatory approval.

### Directors and their interests

The directors who served the company during the year and up to the date of signing are given below:

D M Ashworth  
E P Krawitt (appointed 1 December 2004)  
C R Stevens (resigned 29 November 2004)  
R B Stevenson

The interests of D M Ashworth who is also a director of the ultimate parent undertaking, Memec Group Holdings Limited, is shown in the annual report of that company.

The interests of other directors who held office at the end of the financial year in the shares of the ultimate parent company, Memec Group Holdings Limited, are shown below:

	2004 Number	2003 Number
<b>"A" ordinary shares of \$0.20 each</b>		
E P Krawitt (1)	83,877	83,877
R B Stevenson	503,262	503,262
<b>Deferred ordinary shares of \$0.001 each</b>		
E P Krawitt (1)	-	-
R B Stevenson	-	603,917
<b>Deferred shares of \$0.001 each</b>		
E P Krawitt (1)	-	-
R B Stevenson	-	7,391,684

(1) Comparative figure is as at date of appointment

No other directors have any beneficial interest in the shares of the company, or any other group companies, that require disclosure under Schedule 7 of the Companies Act 1985.

# Memec Group Limited

2

## Directors' report for the year ended 31 December 2004 (continued)

### Directors and their interests (continued)

Details of options in Memec Group Holdings Limited held by the directors are set out below:

Date of grant	Expiry date	Exercise price	Number at date of appointment	Granted in period	Number at 31 December 2004
<b>E P Krawitt</b>					
21 August 2001	21 August 2011	\$3.00	100,000	-	100,000
10 December 2003	10 December 2013	\$2.27	7,306	-	7,306
			<b>107,306</b>	<b>-</b>	<b>107,306</b>

For options issued prior to 8 December 2003, 50% of the options vest on the date of floatation and 50% on the first anniversary of the float. Options issued after 8 December 2003 vest 33% on the date of floatation, 33% on the first anniversary of the float and 34% on the second anniversary of the float.

All options are in respect of "C" Ordinary shares of \$0.20.

No other director, whose holding is required to be disclosed in this report, has been granted share options in the shares of the company or other group entities.

### Employees

During the year, the policy of providing employees with information about the company has been continued through the company's intranet site. Regular meetings are held between management and employees to allow a free flow of information and ideas.

The company recognises the importance of non-discriminatory employment practice and has an equal opportunities policy that includes the employment of people with disabilities. The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

### Auditors

Following the takeover, PricewaterhouseCoopers LLP will not offer themselves for reappointment as auditors to the company, and a resolution to appoint group auditors KPMG LLP be proposed at the next annual general meeting.

By order of the Board

R B Stevenson  
Director  
1 July 2005



## **Independent auditors' report to the members of Memec Group Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the company's affairs at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors

West London  
1 July 2005

**Profit and loss account  
for the year ended 31 December 2004**

	Notes	Year ended 31 December 2004 \$'000	Year ended 31 December 2003 \$'000
Administrative expenses		(9,378)	(6,262)
Other operating expenses		(350)	(450)
Other operating income		-	737
<b>Operating loss</b>	2	<b>(9,728)</b>	<b>(5,975)</b>
Income from shares in group undertakings	3	56,000	30,455
Interest receivable and similar income	6	23,458	16,081
Interest payable and similar charges	7	(97,789)	(75,128)
<b>Loss on ordinary activities before taxation</b>		<b>(28,059)</b>	<b>(34,567)</b>
Tax credit on loss on ordinary activities	8	15,039	292
<b>Loss for the financial year</b>	17	<b>(13,020)</b>	<b>(34,275)</b>

The company has no recognised gains or losses other than the loss for the year as set out above and therefore no separate statement of total recognised gains or losses has been presented.

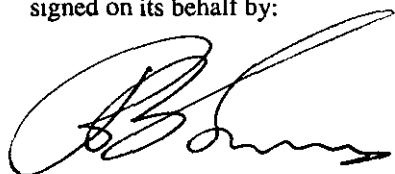
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year and their historical cost equivalents.

All of the activities of the company are derived entirely from continuing operations.

## Balance sheet as at 31 December 2004

	Notes	2004 \$'000	2003 \$'000
<b>Fixed assets</b>			
Tangible assets	9	10	240
Investments	10	278,098	158,484
		<b>278,108</b>	<b>158,724</b>
<b>Current assets</b>			
Debtors			
- due after more than one year	11	584,910	393,404
- due within one year	11	34,238	40,453
Cash at bank and in hand		19,000	8,565
		<b>638,148</b>	<b>442,422</b>
<b>Creditors: Amounts falling due within one year</b>	12	<b>(154,136)</b>	<b>(96,122)</b>
<b>Net current assets</b>		<b>484,015</b>	<b>346,300</b>
<b>Total assets less current liabilities</b>		<b>762,120</b>	<b>505,024</b>
<b>Creditors: Amounts falling due after more than one year</b>	13	<b>852,871</b>	<b>582,755</b>
<b>Capital and reserves</b>			
Called-up share capital	16	39,200	39,200
Profit and loss account	17	(129,951)	(116,931)
<b>Total shareholders' funds</b>	18	<b>(90,751)</b>	<b>(77,731)</b>
<b>Total Shareholders' funds and long term liabilities</b>		<b>762,120</b>	<b>505,024</b>

The financial statements on pages 4 to 16 were approved by the board of directors on 1 July 2005 and were signed on its behalf by:



**R B Stevenson**  
Director

**Notes to the financial statements  
for the year ended 31 December 2004****1 Accounting policies**

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the UK. The financial statements have been drawn up on a going concern basis as the company's ultimate holding company has confirmed its intention to support the company so as to ensure that it meets all its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

**Basis of accounting**

The functional currency of the company is US dollars and accordingly the amounts in the financial statements are denominated in that currency. The balance sheet rate of exchange for the US dollar to UK Sterling was £1 = \$1.929 (2003: £1 = \$1.783).

**Cash flow statement**

The company is a wholly-owned subsidiary of Memec Holdings Limited and is included in the consolidated financial statements of Memec Group Holdings Limited which are publicly available. Consequently, the company has applied the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard ('FRS') No 1 (revised 1996).

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual value over their useful economic life as follows:

Plant, equipment and vehicles	15%-33%
-------------------------------	---------

**Related party transactions**

Transactions between the company and other group companies have not been disclosed in accordance with the exemption in FRS 8 on the grounds that it is a wholly owned subsidiary of Memec Group Holdings Limited, whose accounts are publicly available.

**Deferred taxation**

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Deferred tax is only provided on the earnings of overseas subsidiaries to the extent that there is a binding commitment to remit the earnings to the UK.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



**Notes to the financial statements****For the year ended 31 December 2004 (continued)****Accounting policies (continued)****Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit or loss.

**Investments**

Investments held as fixed assets are stated at cost plus any acquisition expenses less any provision for impairment.

**Pension costs**

The Memec group in the UK operates a defined contribution pension scheme for employees to which the company contributes. The assets of the scheme are held separately from those of the group in an independently administered fund. The annual contributions payable are charged to the profit and loss account as incurred and are disclosed in note 4.

**Derivative financial instruments**

The group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

For a forward exchange contract to be treated as a hedge, the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the group's operations. Gains and losses arising on these contracts are recognised in the profit and loss account when the hedged transaction is recognised.

For an interest rate swap or cap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contract

**Capital instruments**

Secured bank loans and debenture loans are stated net of unamortised issue costs. These costs together with the interest expense are allocated to the profit and loss account over the period of the loans in proportion to the total finance charge.

The difference between the net proceeds of a capital instrument and the payments that the group will be required to make are allocated over the term of the instrument at a constant rate.

**Group accounts**

The directors have taken advantage of the exemptions under section 228(1)(a) of the Companies Act 1985, from preparing group accounts on the grounds that its ultimate parent undertaking Memec Group Holdings Limited, a company incorporated in England and Wales, prepares group accounts which are publicly available in which the company is included. Consequently these financial statements present information about the company as an individual undertaking.

**Notes to the financial statements**

**For the year ended 31 December 2004 (continued)**

**2 Operating loss**

	2004 \$'000	2003 \$'000
<i>Operating loss is stated after charging:</i>		
Auditor's remuneration - audit	175	120
Depreciation – owned assets	235	236
Foreign exchange losses	350	450

**3 Income from shares in group undertakings**

	2004 \$'000	2003 \$'000
Dividends	42,000	30,455

**4 Particulars of employees**

The average monthly number of staff (including executive directors) employed by the company during the financial year amounted to:

	2004 Number	2003 Number
Administration	8	16

The aggregate payroll costs of the above were:

	2004 \$'000	2003 \$'000
Wages and salaries	930	1,616
Social security costs	131	171
Other pension costs	44	70
	1,105	1,857

**5 Directors' emoluments**

The directors' aggregate emoluments in respect of qualifying services were:

	2004 \$'000	2003 \$'000
Aggregate emoluments	159	32
Value of company pension contributions to money purchase schemes	1	-
	160	32

Company pension contributions have been made to money purchase schemes in respect of one director.

**Emoluments of highest paid director:**

	2004 \$'000	2003 \$'000
Aggregate emoluments	143	32
Value of company pension contributions to money purchase schemes	1	-

Notes to the financial statements

For the year ended 31 December 2004 (continued)

Directors' emoluments (continued)

D Ashworth is also a director of the parent company, and a number of fellow subsidiaries. His services to this company and to a number of fellow subsidiaries are of a non-executive nature, and his emoluments are deemed to be wholly attributable to his services to the parent company. Accordingly, the above details include no emoluments in respect of D Ashworth, and his total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

R Stevenson is also a director of Memec Europe Ltd, and a number of fellow subsidiaries. His services to this company and to a number of fellow subsidiaries are of a non-executive nature, and his emoluments are deemed to be wholly attributable to his services to Memec Europe Ltd. Accordingly, the above details include no emoluments in respect of R Stevenson, and his total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Memec Europe Ltd.

No director exercised share options during the year.

6 Interest receivable and similar income

	2004 \$'000	2003 \$'000
Bank interest receivable	81	58
Interest receivable from group undertakings	23,377	16,023
	<b>23,458</b>	<b>16,081</b>

7 Interest payable and similar charges

	2004 \$'000	2003 \$'000
Interest payable on bank borrowing	9,727	230
Interest payable to group undertakings	82,135	74,898
Amortisation of issue costs of bank borrowing	5,927	-
	<b>97,789</b>	<b>75,128</b>

8 Total current tax credit

	2004 \$'000	2003 \$'000
<b>UK Corporation Tax:</b>		
UK Group Relief Received at 30% (2003: 30%)	(15,127)	(1,913)
Adjustment in respect of prior periods	-	1,444
	<b>(15,127)</b>	<b>(469)</b>
<b>Foreign Tax:</b>		
Foreign Taxes suffered	88	177
<b>Total current tax credit</b>	<b>(15,039)</b>	<b>(292)</b>

**Notes to the financial statements**  
**For the year ended 31 December 2004 (continued)**
**Total current tax credit (continued)**

The tax credit for the year is lower (2003: lower) than the UK corporation tax rate of 30%. The differences are explained below:

	2004 \$'000	2003 \$'000
Loss on ordinary activities before tax	(28,059)	(34,567)
Loss on ordinary activities multiplied by standard rate in the UK 30% (2003: 30%)	(8,418)	(10,370)
Effect of:		
Non deductible expenses	1,615	2
Depreciation in excess of tax allowances	72	71
UK tax on overseas dividends	-	6,556
Double tax relief	(1,996)	-
Foreign tax taken as an expense	88	178
Income not taxable	(12,300)	(137)
Tax losses carried forward to future periods	5,900	1,964
Adjustment to tax charge in respect of previous period	-	1,444
Total current tax credit	(15,039)	(292)

**9 Tangible assets**

	Plant, equipment \$'000
<b>Cost</b>	
At 1 January 2004	714
Additions	5
<b>At 31 December 2004</b>	<b>719</b>
<b>Accumulated depreciation</b>	
At 1 January 2004	474
Charge for the year	235
<b>At 31 December 2004</b>	<b>709</b>
<b>Net book amount</b>	
<b>At 31 December 2004</b>	<b>10</b>
At 31 December 2003	240

**Notes to the financial statements**  
**For the year ended 31 December 2004 (continued)**

**10 Investments**

Shares in Group undertakings	2004 \$'000	2003 \$'000
At 1 January	158,484	158,029
Additions	119,614	455
At 31 December	278,098	158,484

Additions comprise the transfer of Memec U S Holdings Inc, Memec France SAS, Memec GmbH, Memec Belgium NV, Memec AG, Memec Nederland BV, Memec Holdings BV, Memec Japan KK, Memec South Africa (Pty) Ltd, Memec Inicore Holding AG and Memec Polska Sp zoo from another group company at book value.

Details of principal subsidiary undertakings are shown in note 22.

**11 Debtors**

	2004 \$'000	2003 \$'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	33,462	39,670
Other debtors	776	783
	34,238	40,453
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	584,910	393,404
	619,148	433,857

Amounts owed by group undertakings due after more than one year are unsecured and carry interest at commercial rates based on LIBOR. The group has confirmed that it will not demand repayment of these loans within the next 12 months.

**12 Creditors: Amounts falling due within one year**

	2004 \$'000	2003 \$'000
Bank loans (note 14)	1,664	-
Amounts due to group undertakings	143,595	90,670
Accruals and deferred income	8,877	5,452
	154,136	96,122

Amounts due to group undertakings are unsecured, repayable on demand and carry interest at commercial rates based on LIBOR.

**Notes to the financial statements**  
**For the year ended 31 December 2004 (continued)**

**13 Creditors: Amounts falling due after more than one year**

	2004 \$'000	2003 \$'000
Bank loans (note 14)	192,146	-
Amounts due to group undertakings	660,725	582,755
	<b>852,871</b>	<b>582,755</b>

Amounts owed to group undertakings are unsecured and carry rates of interest between 7% and 18%. Repayment is due on 16 October 2010.

**Maturity of Debt**

	2004 \$'000	2003 \$'000
In one year or less, or on demand	1,664	-
In more than one year, but not more than two years	2,000	-
In more than two years, but not more than five years	149,000	-
In more than five years	48,000	-
Issue costs	(6,854)	-
	<b>193,810</b>	<b>-</b>

**14 Bank loans**

	2004			2003	
	Gross liability \$'000	Accrued interest \$'000	Unamortised issue costs \$'000	Net liability \$'000	Net liability \$'000
Term A loan	100,000	197	(3,160)	97,037	-
Term B loan	100,000	467	(3,694)	96,773	-
	<b>200,000</b>	<b>664</b>	<b>(6,854)</b>	<b>193,810</b>	<b>-</b>

In June 2004, the company amended its Senior Credit Agreement to increase its size to a total of \$300 million, comprising a \$100 million revolver facility maturing June 2009 bearing interest at LIBOR plus a margin of 2.5%, a \$100 million term A loan tranche maturing June 2009 bearing interest at LIBOR plus a margin of 2.5% and a \$100 million term B loan tranche maturing June 2010 bearing interest at LIBOR plus a margin of 8% as part of the group refinancing arrangements.

The amounts are secured by certain of the group's assets.

There were no borrowings under the revolver facility as at 31 December 2004.

The company has entered into an interest rate swap agreement. This instrument fixes the interest rate on \$70,000,000 of the Term A loan at 3.71% until June 2007.

The company has also entered into interest rate cap agreements. These instruments cap the LIBOR portion of the interest rate on \$65,000,000 the Term B loan at 5% until June 2007.

**Notes to the financial statements**  
**For the year ended 31 December 2004 (continued)**

**Bank loans (continued)**

The fair values and carrying values of these instruments are as follows:

	Fair value \$'000	Carrying amount \$'000
Interest rate swap terminating June 2007	(309)	-
Interest rate caps terminating June 2007	152	535

Fair value is based on market price of comparative instruments at the balance sheet date.

There is deemed to be no significant difference between the fair values of all other financial assets and liabilities and the amount at which they are carried in the financial statements.

**Issue costs**

Bank loans are stated net of unamortized issue costs of \$6,854,000 (2003:\$nil). The company incurred total issue costs of \$12,781,000 in respect of the arrangement of these loans. These costs, together with the interest expense are allocated to the profit and loss account over the period of the loans in proportion to the total finance charge.

**15 Deferred taxation**

The amount unrecognised of the total potential deferred tax is as follows:

	Amount unrecognised	
	2004	2003
	\$'000	\$'000
Tax effect of timing differences:		
Tax losses not recognised	37,607	31,707
	37,607	31,707

No deferred tax is recognised on the un-remitted earnings of overseas subsidiaries. Earnings are continually reinvested abroad, and no tax is expected to be payable on them in future periods

The company has not recognised deferred tax assets as it is not expected to realise these assets in the foreseeable future because of the availability of group tax losses.

**16 Called up share capital**

**Authorised:**

	2004	2003
	\$'000	\$'000
39,200,002 ordinary shares of US\$1 each	39,200	39,200

**Allotted, called up and fully paid:**

	2004	2003
	\$'000	\$'000
39,200,002 ordinary shares of US\$1 each	39,200	39,200

**Notes to the financial statements**

**For the year ended 31 December 2004 (continued)**

**17 Profit and loss account**

	2004 \$'000
At 1 January 2004	(116,931)
Loss for the financial year	(13,020)
<b>At 31 December 2004</b>	<b>(129,951)</b>

**18 Reconciliation of movements in shareholders' funds**

	2004 \$'000	2003 \$'000
Opening shareholders' funds	(77,731)	(43,456)
Loss for the financial year	(13,020)	(34,725)
<b>Closing equity shareholders' deficit</b>	<b>(90,751)</b>	<b>(77,731)</b>

**19 Ultimate parent undertaking and controlling party**

The immediate parent undertaking of Memec Group Limited is Memec Holdings Limited.

The ultimate parent undertaking and controlling party of Memec Group Limited is Memec Group Holdings Limited. The consolidated financial statements of Memec Group Holdings Limited are deposited at Companies House. Copies of these financial statements are publicly available and can be obtained from 17 Thame Park Road, Thame, Oxfordshire, OX9 3XD.

**20 Pensions**

The company made contributions at 6% on pensionable salaries to employees' private defined contribution pension schemes.

In the year, the company made contributions of \$44,000 (2003: \$ 70,000). There were no amounts outstanding at 31 December 2004 (2003: \$ Nil).

**21 Contingent liabilities**

The company and certain other group companies have jointly guaranteed bank and other borrowings of the group. For the year ended 31 December 2004, there were no amounts subject to these guarantees (2003: \$nil).

There were no other contingent liabilities at 31 December 2004 (2003: \$nil).



**Notes to the financial statements**  
**For the year ended 31 December 2004 (continued)**

**22 Subsidiary undertakings**

Subsidiary undertakings	Principal activity	Country of incorporation	Proportion held by parent company
Advanced Components Distributors Pty Limited	Trading company	Australia	100% (6)
Impact Semiconductor Technologies LLC	Trading company	USA	100% (2)
Insight Components (Canada) Inc.	Trading company	Canada	100% (2)
Insight Electronics LLC	Trading company	USA	100% (2)
Insight Electronics Pty Limited	Trading company	Australia	100% (1)
Memec AG	Trading company	Switzerland	100%
Memec Asia Pacific Limited	Trading company	Hong Kong	100% (1)
Memec Austria GmbH	Trading company	Austria	100% (3)
Memec Belgium NV	Trading company	Belgium	100%
Memec Denmark A/S	Trading company	Denmark	100% (8)
Memec Electronic Components (AP) Limited	Trading company	Hong Kong	100%
Memec Electronics (Shanghai) Co Limited	Trading company	PRC	100% (7)
Memec Europe Limited	Trading company	United Kingdom	100%
Memec France SAS	Trading company	France	100%
Memec Finland Oy	Trading company	Finland	100% (8)
Memec GmbH	Trading company	Germany	100%
Memec Holdings BV	Investment company	Netherlands	100%
Memec Iberica SA	Trading company	Spain	100% (4)
Memec Eire (Holdings) Limited	Investment company	United Kingdom	100% (4)
Memec Inicore Holding AG	Investment company	Switzerland	100%
Memec Inicore AG	Trading company	Switzerland	100% (5)
Memec Ireland Limited	Trading company	Ireland	100% (9)
Memec (Memory and Electronic Components) Israel Limited	Trading company	Israel	100% (1)
Memec Italia S.p.A.	Trading company	Italy	100% (4)
Memec Japan kk	Trading company	Japan	100%
Memec LLC	Management and investment company	USA	100% (2)
Memec Nederland BV	Trading company	Netherlands	100%
Memec Norway AS	Trading company	Norway	100% (4)
Memec (NZ) Limited	Trading company	New Zealand	100% (6)

**Notes to the financial statements**

**For the year ended 31 December 2004 (continued)**

**Subsidiary undertakings (continued)**

Memec Overseas Holdings Limited	Investment company	United Kingdom	100%
Memec Polska Sp zoo	Trading company	Poland	100%
Memec Pty Limited	Trading company	Australia	100% (1)
Memec Sweden AB	Trading company	Sweden	100% (4)
Memec UK Limited	Trading company	United Kingdom	100% (4)
Memec US Holdings Inc	Investment company	USA	100%
Memec South Africa (Pty) Limited	Trading company	South Africa	100%
Thame Properties Limited	Trading company	United Kingdom	100% (4)
Triangle Receivables Funding LLC	Trading company	USA	100% (2)
Unique Technology Components Pty Trading Limited	Trading company	Australia	100% (6)
Unique Semiconductor Technologies Inc	Trading company	USA	100% (2)
VISTA Solutions EMEA Limited	Trading company	United Kingdom	100% (4)

(1) = held indirectly via Memec Holdings BV

(2) = held indirectly via Memec US Holdings Inc

(3) = held indirectly via Memec GmbH

(4) = held indirectly via Memec Europe Limited

(5) = held indirectly via Memec Inicore Holding AG

(6) = held indirectly via Memec PTY Limited

(7) = held indirectly via Memec Asia Pacific Limited

(8) = held indirectly by Memec Sweden AB

(9) = held indirectly by Memec Eire (Holdings) Limited

The principal activity of all trading companies is design solutions and the marketing and distribution of specialised semiconductor products.

**23 Post balance sheet events**

On 26 April 2005, Memec Group Holdings Limited, the ultimate holding company, entered into a definitive agreement whereby Memec Group Holdings Limited would be acquired by Avnet Inc. This agreement is subject to regulatory approval.