

Memec Group Holdings Limited

Directors' report and financial statements

1 July 2007

Registered number 03985629

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Memec Group Holdings Limited

Directors' Report

The directors present their annual report and the audited financial statements for the 18 month period ended 1 July 2007

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

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

Results and dividends

The audited financial statements for the 18 month period ended 1 July 2007 are set out on pages 4 to 11. The directors recommended no dividend in the current year (2005 – \$nil)

Post Balance Sheet Events

On 1st December 2007 the company borrowed \$85,000,000 from the treasury company for the group for a period of 9 months with interest payable at a rate of LIBOR month plus a margin of 1.25 per cent. These funds were sought for the purpose of funding a business opportunity in the Asia Pacific region and were lent to an Asia Pacific holding company of the group.

On 17 January 2008 the company increased its investment in its immediate subsidiary Memec Holdings Limited by subscribing in 85,000,000 newly issued \$1 ordinary shares at a premium of \$289,582. The consideration for this was the assignment to the immediate subsidiary, Memec Holdings Limited, of the loan of \$85,289,582 receivable from the Asia Pacific holding company referred to above.

Directors

The directors who held office during the year were as follows

RJ Sadowski

N Taylor (resigned 24 October 2007)

D Birk (appointed 24 October 2007)

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Memec Group Holdings 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


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 ought to have taken as a director to make himself 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,



D Birk
Director

Avnet House
Rutherford
Close
Meadway
Stevenage
Hertfordshire
SG1 2EF

7th July 2008

Independent auditors' report to the members of Memec Group Holdings Limited

We have audited the financial statements of Memec Group Holdings Limited for the 18 month period ended 1 July 2007 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 1 July 2007 and of its profit for the period 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

22 July 2008

Aquis Court
31 Fishpool Street
St Albans
Herts
AL3 4RF

Memec Group Holdings Limited

Profit and loss account

For the Period ended 1 July 2007

		18 month period ended 1 July 2007 \$000s	Year ended 31 December 2005 \$000s
	Notes		
Administrative expenses		(10)	(7)
Operating loss	2	(10)	(7)
Interest receivable and similar income	3	19,167	33,987
Interest payable and similar charges	4	-	(8,590)
Profit on ordinary activities before taxation		19,157	25,390
Taxation on profit on ordinary activities	5	(5,763)	(7,617)
Profit for the financial period	10, 11	13,394	17,773

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 11 are an integral part of the financial statements.

Memec Group Holdings Limited

Balance sheet At 1 July 2007

		1 July 2007	31 December 2005
	Notes	\$000s	\$000s
Fixed assets			
Investments	6	39,411	39,411
Current assets			
Debtors	7	230,509	216,552
Creditors: Amounts falling due within one year	8	(8,180)	(7,617)
Net current assets		<u>222,329</u>	<u>208,935</u>
Net assets		<u>261,740</u>	<u>248,346</u>
Capital and reserves			
Called-up share capital	9	185,622	185,622
Share premium account	10	35,575	35,575
Capital redemption reserve	10	149	149
Profit and loss account	10	40,394	27,000
Shareholders funds	11	<u>261,740</u>	<u>248,346</u>

These financial statements were approved by the Board of Directors on 7th July 2008 and were signed on its behalf by



D Birk
Director

7th July 2008

The accompanying notes on pages 6 to 11 are an integral part of the financial statements

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 company's financial statements, except as noted below

In the financial statements the following new standard is adopted for the first time

- FRS 20 'Share based payments'

FRS 20 'Share based payments' has no material effect on the company

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 s228 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.

b) Investments

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.

Memec Group Holdings Limited

Notes forming part of the financial statements (continued)

2 Operating loss

The operating loss before tax is stated after -

	18 month period ended 1 July 2007 \$000s	Year ended 2 July 2005 \$000s
Auditors' remuneration	<u>10</u>	<u>-</u>

3 Interest receivable and similar income

	18 month period ended 1 July 2007 \$000s	Year ended 2 July 2005 \$000s
Interest receivable from other group companies	<u>19,167</u>	<u>33,987</u>

4 Interest payable and similar charges

	18 month period ended 1 July 2007 \$000s	Year ended 2 July 2005 \$000s
Interest payable to group companies	<u>-</u>	<u>8,590</u>

Notes forming part of the financial statements (continued)

5 Taxation

Analysis of tax charge in year

Period ended 1 July 2007 \$000s	Year ended 31 December 2005 \$000s
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UK Corporation tax

Current tax on income in current period

1,075	-
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Group relief payable

4,672	7,617
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5,747	7,617
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Adjustment in respect of prior periods

16	-
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Taxation on profit on ordinary activities

5,763	7,617
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Factors affecting the tax charge for the current period

The current tax charge for the period ended 1 July 2007 is higher than (2005 is the same as) the standard rate of corporation tax in the UK of 30% (2005 - 30%) The differences are explained below -

Period ended 1 July 2007 \$000s	Year ended 31 December 2005 \$000s
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Current tax reconciliation

Profit on ordinary activities before taxation

19,157	25,390
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Current tax at 30%

5,747	7,617
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Effects of

Adjustments in respect of prior periods

16	-
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Total current tax charge

5,763	7,617
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The Company does not have any unutilized tax losses, or any timing differences such as between when items of income and expenditure are recognized for accounts purposes as against tax purposes, and therefore there are no deferred tax assets or liabilities recorded in the financial statements

Factors that may affect future current and total tax charges

Under the Finance Act 2007, the rate of UK corporation tax will change from 30% to 28% as from 1 April 2008

Notes forming part of the financial statements (continued)

6 Fixed asset investments

	Shares in group undertakings \$000s
<i>Cost and Net Book value</i>	
As at 31 December 2005 and 1 July 2007	<u>39,411</u>

The carrying value of the company's only investment has been evaluated by management and no impairment provision has been deemed necessary to reflect the carrying value of the investment at its net asset value

The company holds an investment in the following principal subsidiary undertaking at the year end

Principal subsidiary undertakings	Country of incorporation and operation	Principal activity	Proportion of ordinary shares held by the company
Memec Holdings Limited	United Kingdom	Holding company	100%

7 Debtors

	1 July 2007 \$000s	31 December 2005 \$000s
Amounts falling due within one year		
Amounts owed by group companies	<u>230,509</u>	<u>216,552</u>

The amounts due by group undertakings are unsecured, repayable on demand and carry interest based on LIBOR at commercial rates

8 Creditors

	1 July 2007 \$000s	31 December 2005 \$000s
Amounts falling due within one year		
Accruals and deferred income	10	-
Corporation tax	1,075	-
Other creditors	-	7,617
Amounts owing to group companies	<u>7,095</u>	<u>-</u>
	<u>8,180</u>	<u>7,617</u>

Notes forming part of the financial statements (continued)

9 Called-up share capital

	1 July 2007 \$000s	31 December 2005 \$000s
<i>Authorised share capital</i>		
939,809,692 ordinary shares of US\$0 20 each	<u>187,962</u>	<u>187,962</u>
<i>Allotted, called up and fully paid</i>		
928,109,084 ordinary shares of US\$0 20 each	<u>185,622</u>	<u>185,622</u>

10 Reserves

Movements in reserves during the year are as follows

	Share premium account \$000s	Capital Redemption Reserve \$000s	Profit and loss account \$000s	Total \$000s
As at 31 December 2005	35,575	149	27,000	62,724
Profit for the financial period	-	-	13,394	13,394
As at 1 July 2007	<u>35,575</u>	<u>149</u>	<u>40,394</u>	<u>76,118</u>

11 Reconciliation of movements in shareholder's funds

	Period ended 1 July 2007 \$000s	Year ended 31 December 2005 \$000s
Opening shareholder's funds	248,346	47,887
New issue of shares	-	182,686
Profit for the financial period	13,394	17,773
Closing shareholder's funds	<u>261,740</u>	<u>248,346</u>

12 Guarantees and other financial commitments

At the end of the period, the company had no capital commitments (2005 – \$nil)

Notes forming part of the financial statements (continued)

13 Ultimate parent company and related party information

The immediate parent undertaking is Avnet Holding Germany GmbH

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 Holding Germany GmbH These accounts are available at the registered office of Avnet Holding Germany GmbH at Gruber Strasse 60c, D-85586 Poing, Germany

The company's investment in subsidiary undertakings is set out in Note 6 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