

**Memec Group Holdings Limited**

Directors' report and financial statements

29 June 2008

Registered number: 03985629



## **Memec Group Holdings Limited**

### **Directors' Report**

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

### **Principal activity**

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

On 1 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.

On 17 January 2008, these funds were subsequently lent to Avnet Asia Pte Limited, a fellow subsidiary undertaking, for the purpose of funding a business opportunity in the Asia Pacific region.

Also 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 Avnet Asia Pte Limited referred to above.

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 year ended 29 June 2008 are set out on pages 4 to 11. The directors recommended no dividend in the current year (2007 – \$nil).

### **Post Balance Sheet Events**

On 11 December 2008 the company issued € 70,000,000 5.18 per cent loan notes due 2013 and these notes were admitted to the official list of the Channel Island Stock Exchange (CISX) LBG on that day. This was used to refinance an existing intercompany debt.

### **Directors**

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

RJ Sadowski  
D Birk

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,



R Sadowski  
Director

3/2/9

Avnet House  
Rutherford Close  
Meadway  
Stevenage  
Hertfordshire  
SG1 2EF

## Memec Group Holdings Limited

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

We have audited the financial statements of Memec Group Holdings Limited for the year ended 29 June 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion:

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

10 February 2009

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

# Memec Group Holdings Limited

## Profit and loss account

For the year ended 29 June 2008

	Notes	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
Administrative expenses		(10)	(10)
<b>Operating loss</b>	2	(10)	(10)
Interest receivable and similar income	3	290	19,167
Interest payable and similar charges	4	(2,329)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		(2,049)	19,157
Taxation on profit on ordinary activities	5	587	(5,763)
<b>(Loss)/profit for the financial period</b>	10, 11	(1,462)	13,394

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 29 June 2008

	Notes	29 June 2008 \$000s	1 July 2007 \$000s
<b>Fixed assets</b>			
Investments	6	<u>124,712</u>	<u>39,411</u>
<b>Current assets</b>			
Debtors	7	232,498	230,509
<b>Creditors: Amounts falling due within one year</b>	8	<u>(96,932)</u>	<u>(8,180)</u>
<b>Net current assets</b>		<u>135,566</u>	<u>222,329</u>
<b>Net assets</b>		<u>260,278</u>	<u>261,740</u>
<b>Capital and reserves</b>			
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	<u>38,932</u>	<u>40,394</u>
<b>Shareholders funds</b>	11	<u>260,278</u>	<u>261,740</u>

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

 3/2/9

R Sadowski  
Director

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

# Memec Group Holdings Limited

## Notes forming part of the financial statements

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### 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.

### 2 Operating loss

The operating loss before tax is stated after:-

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
Auditors' remuneration - audit of these financial statements	10	10

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

# Memec Group Holdings Limited

## Notes forming part of the financial statements (continued)

### 3 Interest receivable and similar income

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
Interest receivable from other group companies	<u>290</u>	<u>33,987</u>

### 4 Interest payable and similar charges

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
Interest payable to group companies	2,162	8,590
Foreign exchange loss	<u>167</u>	<u>-</u>
	<u>2,329</u>	<u>8,590</u>

### 5 Taxation

Analysis of tax charge in year	Year ended 29 June 2008 \$000s	18 month period ended 1 July 2007 \$000s
<i>UK Corporation tax</i>		
Current tax on income in current period	(593)	1,075
Adjustment in respect of prior periods	6	16
Group relief payable	<u>-</u>	<u>4,672</u>
Taxation on profit on ordinary activities	<u>(587)</u>	<u>5,763</u>



# Memec Group Holdings Limited

## Notes forming part of the financial statements (continued)

### 5 Taxation (continued)

#### Factors affecting the tax charge for the current period

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

	Year ended 29 June 2008 \$000s	Year ended 1 July 2007 \$000s
<i>Current tax reconciliation</i>		
(Loss) / profit on ordinary activities before taxation	(2,049)	19,157
Current tax at 29.5% (2007: 30%)	(605)	5,747
<i>Effects of:</i>		
Impact of tax rate change	11	-
Adjustments in respect of prior periods	6	16
Total current tax (credit)/charge	(587)	5,763

#### 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.

### 6 Fixed asset investments

	Shares in group undertakings \$000s
<i>Cost and Net Book value</i>	
As at 1 July 2007	39,411
Additions	85,301
As at 29 June 2008	124,712

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 Avnet Asia Pte Limited. Attributable legal fees of \$11,660 have also been capitalised.

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.

# Memec Group Holdings Limited

## Notes forming part of the financial statements (continued)

### 6 Fixed asset investments (continued)

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%
Memec Europe Limited (1)	United Kingdom	Dormant holding company	100%
Avnet Holding BV (1)	Netherlands	Investment company	100%
Memec Eire Holdings Limited (1)	United Kingdom	Dormant	100%
Memec Ireland Ltd (1)	Ireland	Dormant	100%
Tenva Sweden AB (1) / (2)	Sweden	In liquidation	100%
Avnet Asia Pte Limited (1)	Singapore	Trading	100%
Memec Pty Limited (1)	Australia	Trading	100%

(1) Held indirectly via Memec Holdings Limited

(2) Formerly Memec Sweden AB

### 7 Debtors

	29 June 2008 \$000s	1 July 2007 \$000s
<i>Amounts falling due within one year:</i>		
Amounts owed by group companies	<b>232,498</b>	230,509

The amounts due by group undertakings are unsecured, repayable on demand and carry no interest.

### 8 Creditors

	29 June 2008 \$000s	1 July 2007 \$000s
<i>Amounts falling due within one year:</i>		
Accruals and deferred income	10	10
Corporation tax	1,433	1,075
Amounts owing to group companies	<b>95,489</b>	7,095
	<b>96,932</b>	8,180

# Memec Group Holdings Limited

## Notes forming part of the financial statements (continued)

### 9 Called-up share capital

	29 June 2008 \$000s	1 July 2007 \$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

	Share premium account \$000s	Capital Redemption Reserve \$000s	Profit and loss account \$000s	Total \$000s
As at 29 June 2008	35,575	149	40,394	76,118
Loss for the financial period	-	-	(1,462)	(1,462)
<b>As at 29 June 2008</b>	<u><b>35,575</b></u>	<u><b>149</b></u>	<u><b>38,932</b></u>	<u><b>74,656</b></u>

### 11 Reconciliation of movements in shareholder's funds

	Year ended 29 June 2008 \$000s	Period ended 1 July 2007 \$000s
Opening shareholder's funds	261,740	248,346
New issue of shares	-	182,686
(Loss) / profit for the financial period	(1,462)	17,773
<b>Closing shareholder's funds</b>	<u><b>260,278</b></u>	<u><b>248,346</b></u>

### 12 Guarantees and other financial commitments

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

## **Memec Group Holdings Limited**

### **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](http://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.

#### **14 Post Balance Sheet Events**

On 11 December 2008 the company issued € 70,000,000 5.18 per cent loan notes due 2013 and these notes were admitted to the official list of the Channel Island Stock Exchange (CISX) LBG on that day. This was used to refinance an existing intercompany debt.