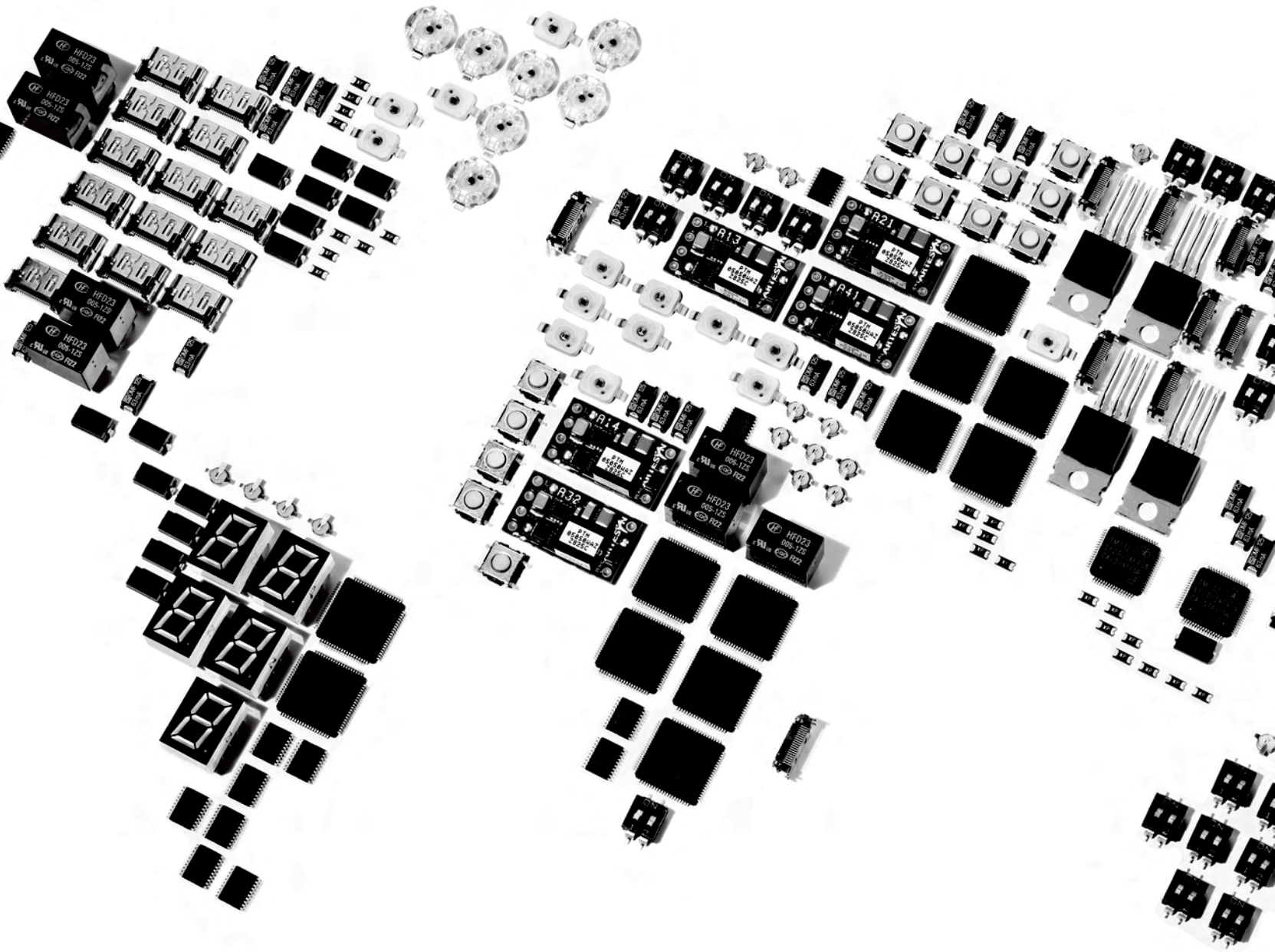


The leading high service distributor to engineers worldwide



ELECTROCOMPONENTS PLC ANNUAL REPORT AND ACCOUNTS 2009



Electrocomponents plc



radiospares

RADIONICS



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HIGHLIGHTS OF THE YEAR

- **10% GROWTH IN E-COMMERCE SALES**
- **LEADERSHIP TEAMS IN EUROPE AND ELECTRONICS STRENGTHENED**
- **ELECTRONICS OFFER EXPANDED**
- **SUCCESSFUL LAUNCH OF ELECTRONICS PRODUCTION PACKAGING**
- **ACTIONS TAKEN TO REDUCE COSTS BY £18M P.A.**
- **FREE CASH FLOW OF £78M INCREASED BY 4%**
- **OPERATING COSTS REDUCED AT CONSTANT FOREIGN EXCHANGE RATES**
- **MAJOR £281M BANK REFINANCING CONCLUDED DURING THE YEAR**
- **ROBUST FINANCIAL METRICS WITH INTEREST COVER OF 13X AND NET DEBT TO EBITDA OF 1.7X**

Revenue

£974.6m

Headline profit before tax

£86.6m

Headline earnings per share

13.6p

Free cash flow

£78.0m

Dividend per share

11.0p

Headline return on capital employed

18.5%

Definitions of terms:

In order to reflect underlying business performance, comparisons of revenue between periods have been adjusted for exchange rates and the number of trading days (underlying revenue growth). Changes in profit, cash flow, debt and share related measures such as earnings per share are at reported exchange rates.

Headline profit: a profit of £9.9m (2008: charge of £1m) was reported in the year for items excluded from headline profit. Details of the items are given below the Income Statement. Key performance measures such as return on sales, EBITDA and ROCE use headline profit figures.



OUR FOCUS IS ON IMPLEMENTING THE STRATEGY AND MAINTAINING THE GROUP'S FINANCIAL STRENGTH

A handwritten signature in black ink, appearing to read 'Helmut Mamsch'.

Helmut Mamsch
Chairman

Introduction

The Group faced markedly different trading conditions between the first half and the second half of the year. In the first half the Group achieved sales growth, cost leverage and profit growth. During the second half general macroeconomic conditions deteriorated significantly, and this adversely impacted the Group's performance. However, throughout the year cash delivery has been strong with free cash flow representing 118% of profit after tax.

The management team responded decisively to these changing trading conditions, implementing actions during the second half which will reduce operating costs by around £18m p.a. In addition, the Group's second half gross margin improved on the first half of the year.

In the current economic environment it is important to note the robust financial metrics and continued strength of the Group's balance sheet. Interest cover was 13 times and the net debt to EBITDA ratio was 1.7 times. At 31 March 2009 the Group had £314m of committed bank facilities, the vast majority of which do not mature before September 2012.

Strategy

In May 2008, the outcome of the Board's review of its strategy was announced. This identified four key areas to drive the Group's future performance:

- Focus on International markets
- Accelerate the development of the Group's electronics and maintenance offers
- Exploit the full potential of e-Commerce
- Leverage the Group's global infrastructure and increase operating margins

We have made significant progress in each of these four areas during the year, this is explained in more detail in the Chief Executive's review.

Dividends

In keeping with the announcement in May 2008, the Board intends to recommend the payment of a final dividend of 6p per share,

payable in July 2009, which combined with the interim dividend of 5p per share, paid in January 2009, would give a total ordinary dividend for the financial year of 11p per share.

In the current difficult economic environment our focus is on maintaining the Group's financial strength. Therefore, as was previously announced, the Board decided that it would not be appropriate to pay the special dividend of 7.4p per share, originally proposed in May 2008.

People

We are reliant on all our people to meet our customer needs and expectations and strive to improve our business. This support and dedication is all the more important when trading conditions are difficult, as they are at the moment. On behalf of the Board, I wish to thank everyone for their continued hard work.

Unfortunately we have had to make a significant number of roles redundant during the year and I regret the impact that this has had on our employees and the communities in which we operate. We have made every effort to provide support to those affected by these actions. These difficult decisions were taken in the light of the severe economic downturn and its effect on our business.

The Board

As we previously announced, Tim Barker and Les Atkinson will both be retiring at the Annual General Meeting after nine years on the Board. The Board is grateful for their significant contributions to the business over the years. With effect from their retirement, Rupert Soames will be appointed Chairman of the Remuneration Committee and Senior Independent Director and Paul Hollingworth will be appointed Chairman of the Audit Committee.

Adrian Auer has been appointed to the Board as a Non-Executive Director and will join on 1 July 2009. Adrian is Chairman of both Shanks Group plc, a leading provider of sustainable waste management solutions, and Readymix plc. He is also a Non-Executive Director of Filtrona plc. Adrian is an experienced Non-Executive Director with a strong international background across a number of different industry sectors, which will be of great benefit to the Board.

Current trading and outlook

In the first eight weeks of the new financial year the sales trend has been similar to the final quarter of last year. Year on year Group revenue has declined by around 17%, the UK by around 14% and the International business by around 19%. Within International, Continental Europe has declined by around 17%, North America by around 23% and Asia Pacific by around 15%. The Purchasing Managers' Indices in our major markets have shown some stability in recent months, albeit at low levels.

Our strategy remains unchanged. We will continue to strengthen our electronics and e-Commerce offers to better serve customers' needs and drive our market leading offer for maintenance customers. An increasing number of strategic initiatives will be introduced into the market as the investments we have made over the past few years deliver.

The Group is well positioned for the future with a broad spread of international businesses, extensive product range and customer base, high service offer and realigned cost structure.

Helmut Mamsch
Chairman



To sign up for e-communications visit: www.electrocomponents.com



WE HAVE MADE SIGNIFICANT PROGRESS IN IMPLEMENTING THE GROUP'S STRATEGY PARTICULARLY DEVELOPING THE ELECTRONICS AND E-COMMERCE OFFERS

A handwritten signature in black ink that reads "Ian Mason".

Ian Mason
Group Chief Executive

OVERVIEW AND STRATEGY IMPLEMENTATION

The Group is the leading high service distributor to engineers worldwide, having been the first to globalise its operations. 65% of sales now come from our markets in Continental Europe, North America and Asia Pacific and 40% of the Group's sales are via the e-Commerce channel. The Group distributes the broadest range of technologies to electronics engineers and has the leading high service offer for maintenance engineers worldwide. These offers are supported by a world class global infrastructure and systems.

The Group faced markedly different trading conditions between the first half and the second half of the year. In the first half the Group achieved sales growth, cost leverage and profit growth. During the second half, general macroeconomic conditions deteriorated significantly, and this adversely impacted the Group's performance.

As a result of the worsening macroeconomic environment during the year, we have accelerated the implementation of the strategy and also focused on maintaining the financial strength of the business. The £281m bank refinancing was concluded during the year, robust financial metrics were maintained and actions taken to reduce costs.

The Group aims to build upon its strong foundations and in May 2008, the Board reviewed its strategy and identified four key areas to drive future performance.

- Focus on International markets
- Accelerate the development of the Group's electronics and maintenance offers
- Exploit the full potential of e-Commerce
- Leverage the Group's global infrastructure and increase operating margins

During the year we have made significant progress in each of these areas, particularly in the development of the electronics and e-Commerce offers and in reorganising our Continental Europe and Asia Pacific regions.

Focus on International markets

During the year the Continental Europe and Asia Pacific regions have been reorganised in order to implement the strategy faster

and improve performance. A more consistent, streamlined and cross-regional approach has been introduced. Headcount has been reduced and resources have been reallocated from sales to marketing and from off-line to on-line activities, in keeping with the Group strategy.

In addition, the senior management team in Europe has been strengthened during the year with the appointment of the previous UK General Manager to lead the region and the creation of a European Executive Management team. In Asia Pacific the region, which has doubled its sales since 2003, has been reorganised to create a more efficient and flexible structure to better serve its customers.

While the worsening macroeconomic environment has impacted results, particularly in the second half of the year, the Board believes that the International business has significant growth potential in all of its three regions: Asia Pacific, Continental Europe and North America.

Accelerate the development of the Group's electronics and maintenance offers

The electronics offer to our customers was significantly enhanced during the year. We successfully launched our electronics production packaging capability across the UK, Europe and Asia Pacific. This new capability is aimed at customers with small batch production needs, allowing them to order the quantity that they need in tubes, trays and continuous strips. The range available now totals 50,000 products.

The electronics product offer has been expanded with 10,000 new electronics products from leading suppliers being introduced during the year. We now offer the broadest stocked range of Panasonic products in Europe of any high service distributor with some 1,700 new products added to our existing passive components range. In April 2009, we significantly increased our European stocked range of Texas Instruments products bringing the total range on offer to 11,000 products, with over 95% of the products available in production packaging format. To date sales of both the Texas Instruments and Panasonic ranges have grown strongly. Further product launches from leading electronics suppliers are planned for the next financial year across the UK, Continental Europe and Asia Pacific.

A number of actions have been taken to more competitively position our electronics offer with a significant number of electronics product prices being reduced during the year.

THE ELECTRONICS TEAM HAS BEEN STRENGTHENED TO DRIVE THE STRATEGY

The electronics division was strengthened during the year with the appointment of a former senior executive of Memec, the global semiconductor distributor, to lead the division. The central electronics team has been expanded in order to drive the electronics strategy globally with a consistent and focused approach supported by our strategic suppliers.

We continue to improve our offer to maintenance engineers. This includes more targeted and effective promotion of specific ranges, supported by strategic suppliers with combined web activity, joint sales visits and customer referrals. Further progress is being made in strengthening our strategic supplier relationships which are providing our customers with improved product ranges and joint e-Commerce offers. During the year, our higher margin own brand range was expanded and sales outperformed the market. New ranges of low energy and long lasting lighting products have been introduced in Europe which combined with successful sales and marketing campaigns have seen our lighting range outperform the overall business. We have also leveraged our global sourcing capability to improve product costs.

Exploit the full potential of e-Commerce

e-Commerce provides our customers with an improved service offer through the provision of more tailored information, rapid introduction of new products, the provision of a wider product range and benefits from the deepening of our supplier relationships. It also allows the business to reduce off-line costs.

We have significant e-Commerce capability in the Group with a single web site platform which supports our UK, Continental Europe and Asia Pacific businesses, and real time links to transactional systems which allow our customers to experience on-line stock visibility and weekly content updates. We have built a large on-line customer base with over 1.5 million unique visits per month to the RS sites.

We have significantly enhanced the Group's e-Commerce offer in the last year and have made a step change towards becoming an e-centric business. Underlying e-Commerce revenue increased by 10% in the year. The e-Commerce share of Group revenue increased from 31% to 36% year on year and exited the year at around 40%. In North America e-Commerce revenue grew by around 45% in the year.

Our focus has been on the three drivers of performance: visitor numbers, visit-to-order conversion and average order value. There has been a 25% increase in unique visitors to RS sites which has been enabled by the acceleration of our paid search programme. Search-to-order conversion has increased by 60% across the UK and Continental Europe due to the improved search and browse capability which was introduced during the year. Cross selling programmes, including "new accessory" and "customer also viewed" links as well as the availability of own brand alternatives, have increased average order value. Off-line costs have been reduced as the e-Commerce channel has grown and on-line services have been enhanced. In September 2008 "My account" functionality was introduced, which allows customers to track parcels and manage their administrative details.

New leading edge e-Commerce functionality has been added during the year. The website is now available to mobile phone users in the UK, Continental Europe, North America and Asia Pacific: a first for a high service distributor. This provides mobile phone users with the ability to place orders, search, view prices, check stock availability and access technical specifications and images.

Leverage the Group's infrastructure and increase operating margins

We have world class global infrastructure and systems including a global e-Commerce platform, integrated systems, centralised purchasing and supplier management and global inventory, logistics and supply chain management.

While Group operating costs, at constant foreign exchange rates reduced in 2009, the cost reductions principally in the UK and Europe were partially reinvested in the strategically important areas of Asia Pacific and electronics.

A significant proportion of the Group's operating cost base is fixed which does not vary directly with sales. This enables cost leverage to be delivered when sales increase, as was the case in the first half of the financial year. However, it also requires such cost to be reduced when sales decline. Therefore actions were taken principally in the final quarter of the financial year which will achieve annualised cost savings of £18m, including a net reduction of around 500 employees,

which represents around 8% of the total headcount, as well as other significant measures to reduce costs.

These actions have been taken across all regions of the business. They have been enabled by the increasing e-Commerce channel share, strong control of discretionary spend, redistribution of activity between the Group's two UK warehouses and exploiting the benefits of our systems infrastructure.

Maintain financial strength

In the current difficult macroeconomic environment, the Board is determined to maintain the Group's financial strength. The business delivered a strong cash flow of £78m, which was 4% higher than the prior year and represented 118% of profit after tax. In addition, the Group has robust financial metrics with interest cover of 13 times and a net debt to EBITDA ratio of 1.7 times. This provides us with significant headroom between these financial metrics and the banking covenants. The headroom between net borrowings and committed bank facilities at 31 March 2009 was £111m and the vast majority of the bank facilities do not mature until September 2012.

Ian Mason

Group Chief Executive

OUR FOCUS

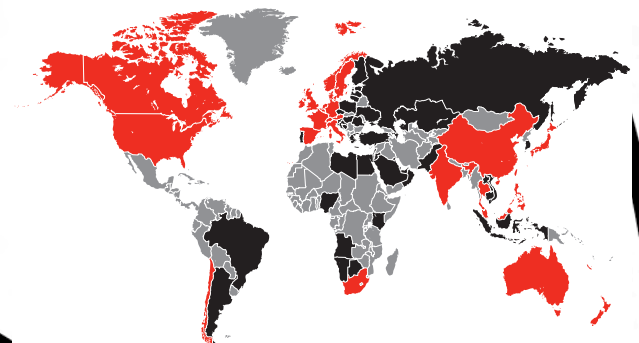
**1 INTERNATIONAL
MARKETS**

**2 THE CUSTOMER
OFFER**

**3 MAINTAINING
FINANCIAL STRENGTH**

1 FOCUSED ON INTERNATIONAL MARKETS

We know our markets, we operate in 27 countries around the world and a further 38 countries via distributors



■ Distributor companies
■ Operating companies

WE ARE THE NUMBER ONE INTERNATIONAL HIGH SERVICE DISTRIBUTOR

Overview of business

We are the leading high service distributor to engineers worldwide. The Group operates in 27 countries distributing components under the trading brands of RS, Radiospares, Radionics and Allied Electronics. Through our distributor network, we also provide this service to a further 38 countries. We cover around 90% of the world's GDP.

We satisfy the small quantity product needs of our customers who are typically electronics or maintenance engineers in business. A large number of high quality goods are stocked, which are dispatched the same day that the order is received. The average customer order value is around £100 although the range of order values is wide. The Group manages tens of thousands of orders for customers across the world each working day.

Markets

We are focused on strengthening our positions in Continental Europe, North America and Asia Pacific which collectively represents 65% of our Group's revenue while maintaining our profitable UK business.

We have reorganised our Continental Europe and Asia Pacific regions to implement the strategy faster and improve performance. A more consistent, streamlined and cross-regional approach has been introduced to better serve our customers. In keeping with the Group's strategy resources have been reallocated from sales to marketing and from off-line to on-line activities.

In North America our e-Commerce revenue has increased by nearly 45% and we have continued to exploit both our extensive local sales office presence and supplier relationships to drive sales.

Business systems

All our businesses in Continental Europe and the UK operate on a single integrated regional system. Likewise, our Asian business operates from a separate integrated system. This enables us to improve efficiency, share best practice, reduce our risk profile and maintain our high customer service levels.

Market position

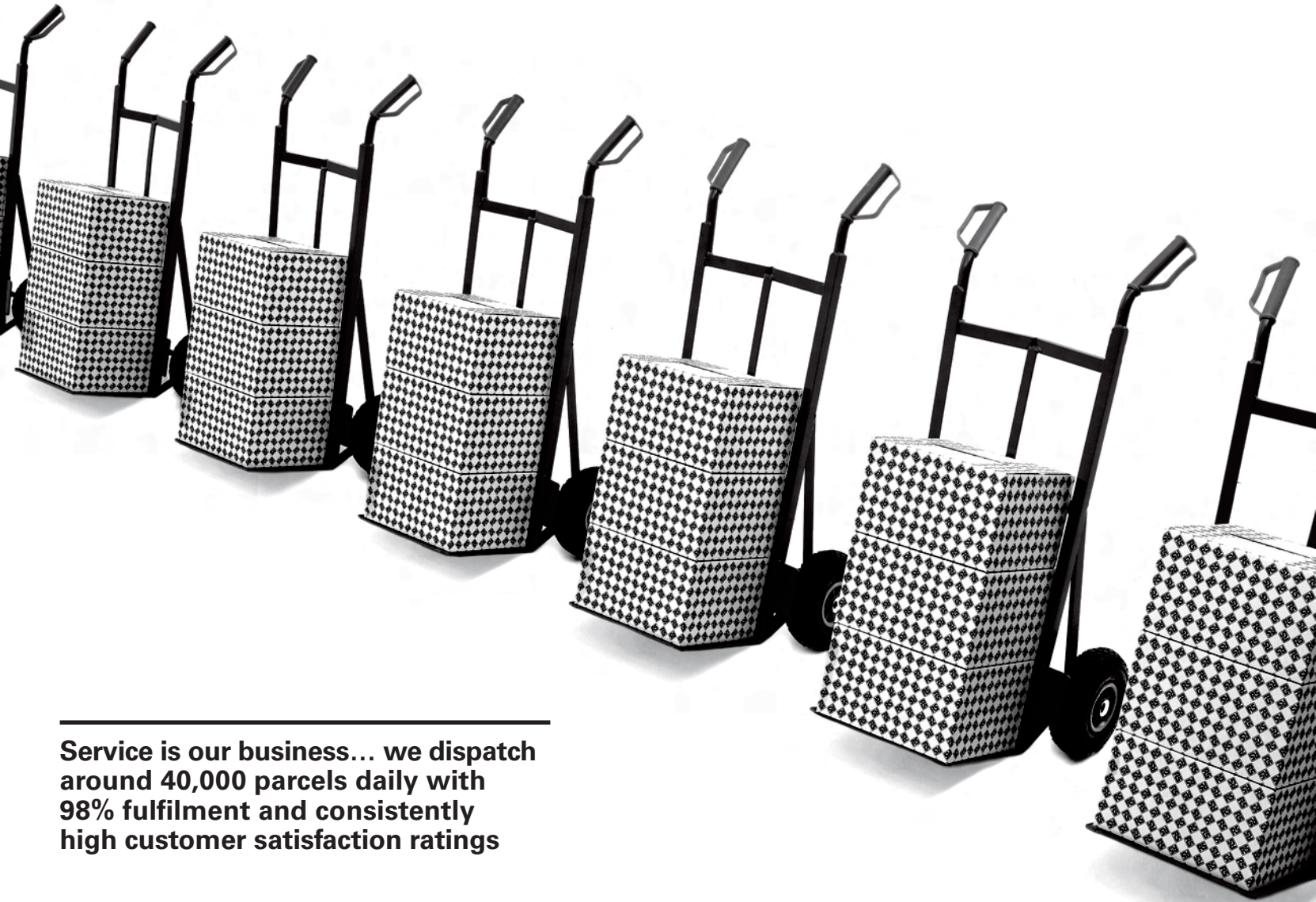
Region	Revenue	% of Group revenue	Headline contribution % of revenue	Market position
Europe	347	36%	22%	No. 1
North America	187	19%	13%	No. 3
Asia Pacific	102	10%	7%	No. 1
International	636	65%	17%	No. 1
UK	339	35%	27%	No. 1
Group	975	100%	21%	No. 1

£975m

Revenue

65% from our International businesses

2 FOCUSED ON THE CUSTOMER OFFER



Service is our business... we dispatch around 40,000 parcels daily with 98% fulfilment and consistently high customer satisfaction ratings

WE ARE ACCELERATING THE DEVELOPMENT OF THE GROUP'S CUSTOMER OFFERS

Electronics

We have accelerated the development of our electronics offer which has been significantly enhanced during the year. We successfully launched our electronics production packaging capability across the UK, Continental Europe and Asia Pacific. This is aimed at customers with small batch production needs, allowing them to order the quantity that they need in tubes, trays and continuous strips. The range now totals 50,000 products.

The electronics product offer has been expanded; we have introduced 10,000 new products from leading suppliers during the year. Further product launches from leading electronics suppliers are planned for the next financial year across the UK, Continental Europe and Asia Pacific.

A number of actions have been taken to more competitively position our electronics offer with a significant number of electronics product prices being reduced during the year.

The electronics team has been expanded in order to drive the electronics strategy globally with a consistent and focused approach supported by our strategic suppliers.

Maintenance

We continue to improve our offer to maintenance engineers. This includes more targeted and effective promotion of specific ranges, supported by strategic suppliers with combined web activity, joint sales visits and customer referrals.

We have strengthened our strategic supplier relationships via the Group's global sourcing capability, providing our customers with improved product ranges and joint e-Commerce offers. Our own brand range has been expanded and its sales have outperformed the market.

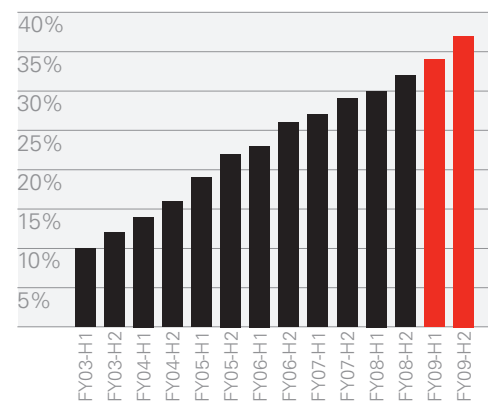
e-Commerce

We have significant e-Commerce capability with a single web site platform supporting our UK, Continental Europe and Asia Pacific businesses. This provides real time links to transactional systems allowing our customers to experience on-line stock visibility and weekly content updates.

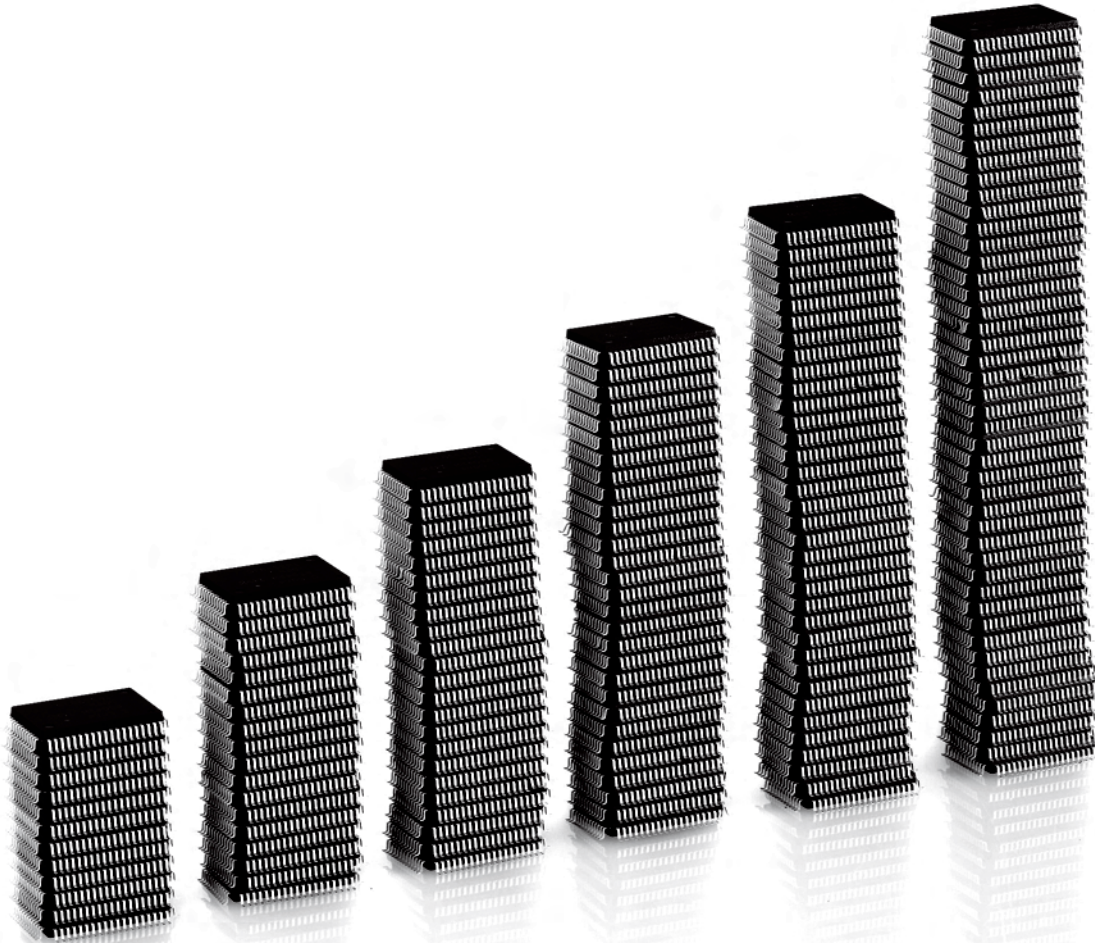
We have enhanced the Group's e-Commerce offer and made a step change towards becoming an e-centric business. Underlying e-Commerce revenue increased by 10% in the year, exiting at around a 40% share of Group revenue. In North America e-Commerce revenue grew by around 45%.

Improved search and browse capability was introduced across the UK and Continental Europe leading to a 60% increase in customer search-to-order conversion. Cross selling programmes, including "new accessory" and "customer also viewed" links as well as the availability of own brand alternatives, have increased average order value. The website is now available to mobile phone users in the UK, Continental Europe, North America and Asia Pacific: a first for a high service distributor.

e-Commerce share % of sales



3 FOCUSED ON MAINTAINING FINANCIAL STRENGTH



Our integrated systems are driving efficiency and best practice across the business including centralised purchasing and supply chain management.

DECISIVELY RESPONDING TO THE ECONOMIC CONDITIONS AND MAINTAINING FINANCIAL STRENGTH

Strong cash flow

In the current trading environment the business delivered strong cash flow of £78m, up 4% on the prior year representing 118% of profit after tax.

This performance was delivered through continued tight control over working capital, with stable stock turn and reducing debtor days whilst capital expenditure was less than half the level of depreciation.

Robust financial metrics

The Group has robust financial metrics with interest cover of 13 times and net debt to EBITDA of 1.7 times. We have significant headroom between these metrics and the banking covenants. The Group completed its bank refinancing in the year and has committed facilities of £314m with £281m maturing in September 2012.

Pensions

The Group, following consultation with its UK based employees, has taken action to improve the sustainability of its UK defined benefit pension scheme. This has involved changes to early retirement terms, a restriction on future salary increases that may be considered pensionable, and a life expectancy risk sharing mechanism between the Group and the pension scheme members.

The UK scheme deficit of £6.3m is £15.5m lower than at the previous year end due to these rule changes together with various adjustments to the pension assumptions.

Gross margin management

Gross margin for the year was 49.5%, with the second half improving on the first half due to more targeted use of customer discounts, better buying and selling price increases.

Reducing costs

Operating costs, at constant currency, have reduced year on year.

We have taken decisive action to reduce operating costs across the business and will realise annualised savings of around £18m of which around £15m will be realised in the coming year.

These actions have been taken across all regions of the business. They have been enabled by the increasing e-Commerce channel share, strong control of discretionary spend, redistribution of activity between the Group's two UK warehouses and exploiting the benefits of our systems infrastructure.

Key financial metrics

Free cash flow	£78m
Net debt to Headline EBITDA	1.7x
Interest cover	13 x
Committed facility headroom	£111m

Free cash flow
£78m
Increased by 4%



THE GROUP'S FREE CASH FLOW OF £78M REPRESENTED 118% OF PROFIT AFTER TAX

Simon Boddie
Group Finance Director

NATURE OF THE BUSINESS

Electrocomponents plc is a high service distributor of electronics, electromechanical and wider industrial products. The Group operates in 27 countries and sells to most of the remaining countries of the world via third party distributors.

The Group satisfies the small quantity product needs of its customers who are typically electronics or maintenance engineers in business. A large number of high quality goods are stocked, which are dispatched the same day that the order is received. The average customer order value is approximately £100 although the range of order values is wide. The Group has a large number of customers from a wide range of industry sectors with diverse product demands. This means that the Group manages tens of thousands of orders for customers across the world each working day.

STRATEGY

We continue to implement our strategy and the four areas identified to drive the Group's future performance. A more detailed explanation of the strategy and the progress that we have made on each of these areas is provided in the Chief Executive's Review.

STRENGTHS AND RESOURCE

Brands

The Group has a number of major brands. The most significant of these is 'RS' which is used all over the world, except in North America, France and Ireland where the 'Allied', 'Radiospares' and 'Radionics' brands are used respectively.

Geographic footprint

Our operating companies provide our high service level across countries representing around 80% of the world's GDP. The Group's Distributors serve Eastern Europe, Russia, Southern Europe, the Middle East and South America representing a further 10% of the world's GDP.

Customer relationships

We supply around 1.5m customers from a wide range of industrial sectors. We have relationships with both the end users who use our products and also with the companies for whom they work. Our customers are typically electronics and maintenance engineers.

Supplier relationships

The relationships with our suppliers are an increasingly important factor in allowing us both to maintain high standards of product availability for our customers and to anticipate future customer needs. We purchase some half a million products from around 2,500 major suppliers throughout the world with a groupwide focus on global purchasing agreements. Our offer to electronics engineers is valuable to many of our suppliers, who would otherwise find the small order and immediate dispatch requirements of such customers difficult and costly to satisfy.

e-Commerce

e-Commerce provides the Group with the ability to reach a broad customer base and critically to reach our target electronics customers who are conducting a greater proportion of their product research on-line. The channel also allows us to extend and promote our on-line offer rapidly. On-line merchandising is being used to highlight to customers relevant products and information during their on-line journey providing improved customer experience and revenue opportunities. We are increasingly focusing on the provision of on-line customer services giving our customers the flexibility they want to manage their business relationships with us on-line.

Employees

The skills and support from our employees is extremely important to the Group. During the year we employed around 6,000 employees worldwide. The geographic spread of our employees is: 2,000 in the UK, 1,300 in Continental Europe, 800 in North America, 1,000 in Asia Pacific and 900 in the Group-wide Processes.

Infrastructure

The Group recognises that the provision of a high service level is extremely important to our customers. Three areas of our infrastructure are particularly important:

- Systems:** All our businesses in Continental Europe together with our UK business operate on a single integrated regional system. Likewise, our Asia Pacific business also operates from a separate integrated system.
- Operating on these robust and integrated platforms enables us to improve efficiency, share best practice and reduce our risk profile.
- Facilities:** The Group has a well developed warehouse network across all our markets to support our customer needs. The operations and coordination at our warehouses is managed by our cross-Group Supply Chain Process to ensure an efficient and cost effective use of our assets.
- e-Commerce:** The Group operates from a single website platform supporting the RS businesses in the UK, Continental Europe and Asia Pacific. This gives us the ability to roll out new developments quickly and efficiently across these regions, maximising the benefits to our customers. Allied, the Group's North American business uses a separate web platform.

OPERATING PERFORMANCE AND KEY PERFORMANCE INDICATORS

Operating performance		
	2009	2008
Revenue	£974.6m	£924.8m
Gross margin	49.5%	50.2%
Contribution	£200.2m	£203.2m
Group Process costs	(£106.6)m	(£99.5)m
Headline operating profit	£93.6m	£103.7m
Interest (net)	(£7.0)m	(£7.3)m
Headline profit before tax	£86.6m	£96.4m
Free cash flow	£78.0m	£75.0m
Headline earnings per share	13.6p	14.8p
Dividend per share	11.0p	18.4p

Key performance indicators		
	2009	2008
Group sales growth ⁽¹⁾	(5.3)%	5.4%
International ⁽¹⁾	(4.5)%	8.4%
UK ⁽¹⁾	(6.7)%	0.9%
e-Commerce revenue share	36%	31%
Headline Group return on sales ⁽²⁾	9.6%	11.2%
Headline ROCE ⁽³⁾	18.5%	24.0%
Stock turn (per year)	2.7x	2.9x
Revenue per head ⁽⁴⁾ (£'000)	162	165
Number of customers (millions)	1.5	1.5
Net debt to headline EBITDA	1.7x	1.2x
Interest cover	13.4x	14.2x

⁽¹⁾ Underlying revenue growth, adjusting for currency and trading days

⁽²⁾ Headline operating profit expressed as a percentage of revenue

⁽³⁾ Headline operating profit expressed as a percentage of net assets plus net debt

⁽⁴⁾ Revenue on a like for like basis (2009 and 2008) adjusting for trading days and foreign exchange

£975m

Revenue

Free cash flow

£78m

Increased by 4%

BUSINESS PERFORMANCE

Revenue

Group revenue was £974.6m, an increase of £49.8m year on year (5.4% reported growth). Group revenue benefited from Sterling's depreciation in the year most notably against the Euro and US Dollar (14% at average rates). Underlying revenue declined by around 5% year on year.

Group revenue was significantly impacted by the deteriorating economic environment across the world. This deterioration accelerated as the year progressed and particularly affected the Group's second half year sales performance. First half underlying revenue growth of 1% was followed by a second half decline of 11%.

All the Group's regions were affected by the economic downturn: our UK business was in decline throughout the year, Continental Europe moved into decline in May and our North American and Asia Pacific businesses declined from November.

Gross margin

Gross margin for the year was 49.5% with the second half margin improving by 0.4% points on the first half due to more targeted use of customer discounts, better buying and selling price increases. Year on year, the 0.7% points reduction in the gross margin was primarily due to increasing promotional activities, customer discounts and large customer performance in the UK, and country mix and foreign exchange impacts in Asia Pacific.

Costs

At constant currency, operating costs were flat year on year. Operating costs grew by 0.9% points of sales reflecting the downturn in sales in the second half of the year together with the high proportion of the Group's costs that are fixed. The Group's Process costs increased by 0.1% points of sales while the operating company costs increased by 0.8% points of sales.

The Group's management has taken action to reduce operating costs going forward. This has been across all regions of the business, principally during the final quarter of the year, and will realise annualised savings of around £18m of which around £15m will be realised in the next financial year. As a result of these actions,

the Group will reduce its headcount by around 500 heads from the level in the second half of the year. This will represent around 8% of the total headcount. To deliver these benefits, one-off reorganisation costs, principally employee severance, of £7.1m were incurred. The resulting cash outflow in the year was around £1.5m and a further cash outflow relating to this reorganisation of around £4.6m is expected in the financial year ending 31 March 2010 (a balance of £1m is non-cash).

Profit before tax

The Group's headline profit before tax was £86.6m, down £9.8m (10.2%) year on year due to the decline in contribution from the UK business and increase in reported Process costs which were only partially offset by the increased contribution from the International business.

Reported profit before tax was £96.5m, which benefited from one-off net income of £9.9m. This performance was £1.1m (1.2%) above the prior year. This one-off net income, below headline profit, of £9.9m comprised a first half income of £17.0m and a second half cost of £7.1m. The first half income was due to the accounting benefits of the changes made to the UK defined benefit pension scheme in June 2008 of £17.5m net of £0.5m costs associated with reorganisation activities. In the second half the Group incurred £7.1m costs due to its reorganisation activities including £0.8m UK defined benefit pension scheme costs.

Earnings per share

Headline earnings per share of 13.6p reduced by 8% year on year with the 10% reduction in headline profit before tax being partially offset by a reduction in the Group's effective headline tax rate of 1% to 32%. This reduction in the tax rate was principally due to the lowering of tax rates in certain territories within which the Group operates.

Dividend

In May 2008, the Board announced that for the 2009 financial year, the ordinary dividend would be 11p per share, comprising an interim dividend of 5p per share and a final dividend of 6p per share. The interim dividend was paid in January 2009 and the Board will recommend the payment of the final dividend of 6p per share to be paid in July 2009.

In the current difficult trading environment, our focus is on maintaining the Group's financial strength. Therefore, as previously announced, the Board decided that it would not be appropriate to pay the special dividend of 7.4p per share which was also proposed in May 2008.

Cash flow

The Group's free cash flow for the year of £78.0m was £3m ahead of the prior year and represented 118% of profit after tax. This strong performance was delivered through continued tight control over working capital, stable stock turn at constant foreign exchange rates, debtor days reducing by around three days, and capital expenditure less than half the level of depreciation.

Financial position

The Group has robust financial metrics with interest cover of 13 times and net debt to headline EBITDA of 1.7 times, with significant headroom to the Group's banking covenants.

At 31 March 2009, net debt was £203.2m which was £52.1m higher than last year, almost entirely due to foreign exchange rates with free cash flow of £78.0m exceeding dividend payments of £76.6m. At the year end, the Group had total committed bank facilities of £314m with £281m having a maturity of September 2012. The headroom between the committed facilities and net debt at the year end was £111m.

Year end net debt comprised gross borrowings of £205.2m (currency split: £91m US Dollars, £43m Sterling, £43m Euros, £14m Japanese Yen and the balance in other currencies), and financial assets of £2.0m. The currency mix is designed to help hedge the Group's translation exposures. The peak month-end net borrowing during the year (using monthly exchange rates) was £241m.

The Group's main source of debt finance is a syndicated multicurrency facility from ten banks which was established in September 2008 for US \$137m, £142m and €47m maturing in September 2012. The Group has other bilateral facilities of £25m (maturing in March 2010), Yen800m (maturing December 2010) and an amortising bilateral of currently €2.7m (maturing December 2011).

INTERNATIONAL

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	£635.3m	£566.8m	12.1%	(4.5)% ⁽¹⁾
Gross margin	48.2%	48.5%		
Operating costs % of revenue	(31.3)%	(30.5)%		
Contribution	£107.1m	£102.3m	4.7%	(10.2)%
Contribution % of revenue	16.9%	18.0%		

⁽¹⁾ Underlying revenue growth, adjusting for currency and trading days

The International business now represents around 65% of the Group's revenue. The business comprises three regions: Continental Europe (55% of International business revenue), North America (29%) and Asia Pacific (16%).

On a reported basis, including the beneficial effect of the weakening of Sterling, revenue increased by 12.1% and contribution by 4.7%. Underlying revenue declined by 4.5%, with Continental Europe declining by 6.9%, North America by 2.2% and Asia Pacific flat.

Gross margin increased by 0.8% points from the first half to the second half of the year. Year on year, gross margin reduced by 0.3% points principally due to the impact of country mix and foreign exchange in Asia Pacific. Operating costs reduced slightly at constant foreign exchange and as a percentage of sales increased by 0.8% points, due to the sales decline in the second half of the year. Actions to reduce costs in light of the declining sales were taken principally in the final quarter of the year.

Continental Europe

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	£346.7m	£316.2m	9.6%	(6.9)% ⁽¹⁾
Contribution	£75.9m	£71.0m	6.9%	(8.4)%
Contribution % of revenue	21.9%	22.5%		

⁽¹⁾ Underlying revenue growth, adjusting for currency and trading days

Continental Europe includes eight businesses: France, Germany and Italy are the largest, representing around 75% of the region's revenue, the remaining businesses are Austria, Benelux, Ireland, Scandinavia and Spain.

On a reported basis, including the benefit of the weakening of Sterling, revenue increased by 9.6% and contribution by 6.9%. Underlying revenue declined by around 7% with the business moving into decline in May. Gross margin was stable year on year as were costs in local currency.

The senior European management team was strengthened during the year with the appointment of the previous UK General Manager to lead the region. A more consistent and cross regional approach has been introduced to drive performance.

The Group's electronics strategy has been implemented in Europe with the broadening of the product offer, increased competitiveness of prices and the successful launch of production packaging. Within maintenance, there have been successes in own brand promotion, joint supplier activities and large customer contract wins. The business has focused its large customer activity around more economically resilient sectors such as defence, government, utilities and education.

e-Commerce revenue increased by 8% in the year with its share of revenue increasing from 35% to 41% year on year, exiting the year at 44%.

North America

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	£186.6m	£163.3m	14.3%	(2.2)% ⁽¹⁾
Contribution	£24.3m	£22.0m	10.5%	(5.4)%
Contribution % of revenue	13.0%	13.5%		

⁽¹⁾ Underlying revenue growth, adjusting for currency and trading days

The business has continued to pursue its local strategy to exploit both its extensive local sales office presence across North America and its supplier relationships to drive sales. Local initiatives with suppliers have included customised trade brochures, supplier funded joint advertising and web and parcel promotions.

On a reported basis, including the benefit of the weakening of Sterling, revenue increased by 14.3% and contribution by 10.5%. Underlying revenue declined by 2.2%. The business remained in revenue growth through the first half of the financial year, moving into decline in November 2008 as economic conditions deteriorated. Gross margin was stable year on year as were costs in local currency.

A particular focus for the year within the organisation has been the further development of the web site, providing new on-line quote functionality and product recommendations. The latest initiative has been the launch of the web site for mobile phone users. This provides mobile phone users with search functionality, the ability to view pricing, stock availability and technical specifications and images. Allied is the first electronics components distributor in North America to offer such a mobile site to its customers.

As a result of this, and other web promotional activities, underlying e-Commerce revenue increased by nearly 45% in the year. e-Commerce share of revenue increased from 10% to 15% year on year and exited the year at 22%.

e-Commerce revenue growth in North America
45%

17%
Revenue Growth in China

Asia Pacific

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	£102.0m	£87.3m	16.8%	(0.3)% ⁽¹⁾
Contribution	£6.9m	£9.3m	(25.8)%	(34.9)%
Contribution % of revenue	6.8%	10.6%		

⁽¹⁾ Underlying revenue growth, adjusting for currency and trading days

The Group has a large and well established footprint across Asia Pacific, operating in ten countries with a presence in the region for more than 20 years, having seven warehouses and local language catalogues including those for Japan and China.

Reported revenue including the benefit of the weakening of Sterling, increased by 16.8%. Underlying revenue was flat for the year but moved into decline in November. The Japanese economy suffered particularly badly in the economic downturn and this had a significant effect on the region's overall sales performance. 'Excluding the Japanese business, the region recorded 5% underlying sales growth for the year. A number of the region's markets have delivered double digit sales growth, including China (17%), South Korea (24%), Singapore (18%) and Thailand (38%). e-Commerce continues to be an important driver to sales performance in the region with our e-Commerce share in Japan at nearly 70%.

The Group's electronics production packaging offer was launched across the region during the third quarter of the financial year supported by increased local and on-line marketing, to positive customer feedback. Local customer activities have focused on growing industry sectors and large customers.

During the year, the Asia Pacific business reorganised its activities onto a more regional, streamlined and functionally oriented structure. This change was in recognition of the business's growing size, having doubled since March 2003, to allow it to benefit from changing customer needs whilst also delivering cost efficiencies across all areas.

The significant reduction in contribution as a percentage of revenue was caused by the reduction in gross margin, due to country mix and foreign exchange, and the full year effect of the additional investment made in the region in the prior year to exploit the growth potential.

UK

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	£339.3m	£358.0m	(5.2)%	(6.7)% ⁽¹⁾
Gross margin	51.8%	53.1%		
Operating costs % of revenue	(24.4)%	(24.9)%		
Contribution	£93.1m	£100.9m	(7.7)%	(7.7)%
Contribution % of revenue	27.4%	28.2%		

⁽¹⁾ Underlying revenue growth, adjusting for trading days

Underlying revenue declined by 6.7% with sales slowing during the year. The business has pursued sales initiatives across a number of different areas. These include the introduction of the electronics production packaging offer, which is meeting a clear customer need, and continued expansion of the UK's electronics sales support with the opening of a new electronics sales office. Other initiatives have included the increasing use of web based sales promotions, large customer wins and increased sales penetration of large accounts and own brand promotions.

e-Commerce revenue increased by around 10% and e-Commerce share of revenue increased from 37% to 43% year on year, exiting the year at 47%.

Gross margin reduced by around 1.3% points year on year as more customer promotions and discounts were used to drive sales and large customers outperformed the higher margin smaller customers. Gross margin was stable across the two half years as selling price changes were made in the October catalogue and promotions were further targeted through the year.

Costs reduced by around 7% during the year as action was taken through continuous improvement and a variety of cost saving initiatives.

The business has continued to provide excellent customer service which, in the case of our customer contact centre, has been recognised with their winning of the 2008 UK National Customer Service Awards for the best Large Customer Service Contact Centre of the Year.

PROCESSES

	2009	2008
Process costs	£106.6m	£99.5m
Costs % of revenue	(10.9)%	(10.8)%

The Processes support our operating companies by ensuring that they have the products, infrastructure and expertise to provide consistently high service levels around the world. Process costs have remained stable as a percentage of sales.

Key developments in the year have included the creation of the new Electronics division to drive the expansion of our range, build stronger relationships with our strategic electronics suppliers and implement a consistent marketing approach. Information Systems have supported our cost reduction initiatives through the ongoing development of our Groupwide systems whilst the investment in our e-Commerce platform has helped to drive competitive advantage. Supply Chain has developed a strategy to support an increased product offer while also exploiting the Group's global infrastructure to generate cost savings. Recently this has led to the creation of a management team across Europe and the UK to optimise activities already leading to improved product availability. Product Management has focused on the Group's global sourcing capability with a growing proportion of products sourced via the Group's Asia sourcing operation.

TAXATION

The Group's effective tax rate was 32% of headline profit before tax, which was 1% point lower than the prior year. This reduction was principally due to the lowering of local tax rates in some of the territories within which the Group operates, including the reduction of the UK tax rate by 2% points. The Group's current effective tax rate includes the effect of a significant and continuing increase in the deferred tax liability due to the tax amortisation of overseas goodwill. This deferred tax liability is not expected to crystallise in the foreseeable future. This, together with the differing timing of payments, means that the effective tax rate was significantly higher than the cash tax rate of 24%.

PENSION

The Group has defined benefit pension schemes in the UK, Ireland and Germany. All these schemes are now closed to new entrants. Elsewhere (including the replacement schemes in the UK and Ireland), the schemes are defined contribution.

During the latter part of the prior year and first half of this year, the Group consulted with UK based employees over changes designed to improve the sustainability of the UK defined benefit pension scheme. These included changes in the Group's future approach to early retirement, a restriction on the amount of base pay that can be considered pensionable for defined benefit purposes, and a life expectancy risk sharing mechanism to share the uncertain future costs of improving life expectancy between the Group and the active members. These changes resulted in an accounting benefit of £17.5m.

In the second half of the year, the headcount in the UK was reduced as a result of cost reduction actions taken in the business. This has led to an accounting cost of £0.8m relating to the pension impact of the changes.

As a result of these two actions and their effects on the UK defined benefit pension scheme, a net non-cash credit of £16.7m has been recognised in the Income Statement and excluded from headline profit.

The most recent valuation of the UK defined benefit scheme was carried out as at 31 March 2009. This disclosed a deficit of £6.3m before tax relief. The scheme was 97% funded on an accounting basis. The Group was not required to make any deficit recovery

contributions to the pension scheme during the financial year, and does not anticipate any requirement to do so in the year ending 31 March 2010.

This deficit is £15.5m lower than at the previous year end due to lower expectations of long term inflation, higher discount rates, partially offset by the reduction in the value of the assets, together with benefit changes which improve the sustainability of the scheme.

Under IAS 19, the combined gross deficit of the Group's defined benefit schemes was £16.9m at 31 March 2009.

RISKS

Electrocomponents has well established risk management procedures for the identification, assessment and management of risks to achieve the Group's strategic objectives.

The Board and Group Executive Committee receive regular reports covering risks and mitigating actions arising from external factors, key dependencies, project delivery and corporate responsibility factors. Our key business risks, which the Group has identified, are as follows:

Macroeconomic environment

The uncertain economic outlook presents significant challenges to the Group's financial performance going forward.

The Group aims to mitigate and manage these effects through the close monitoring of trading environments and driving growth opportunities across the Group's markets through its electronics and maintenance offers and e-Commerce channel. The business model remains broad based with 450,000 products being sold to 1.5m customers globally with an average order value of approximately £100. The business is geographically spread operating directly in 27 countries with the International business contributing 65% of Group revenue.

Costs continue to be tightly controlled, with actions taken during the year to deliver £18m of annualised cost savings. These include a net reduction of around 500 employees which represents around 8% of the total Group headcount. The cost actions were enabled by the increasing e-Commerce channel share, strong control over discretionary spend, redistribution of activity between the Group's two UK warehouses and exploiting the benefits of the Group's systems infrastructure.

The business remains highly cash generative with significant headroom to the Group's banking covenants. The vast majority of the Group's committed facilities available at 31 March 2009 have a maturity date of September 2012.

Europe e-Commerce revenue share

44%*

*exit

UK costs reduced by

7%

Group strategy implementation

The implementation of the Group's strategy was accelerated during the year. However the risk remains that it may not deliver the expected results. To address the risk, we have focused on developing our customer communications supported by robust customer research and dedicated sales and organisational resources.

Our priority will remain the development of the electronics and maintenance offers including accelerating new product introductions, strengthening partnerships with our key suppliers, developing our price competitiveness and exploiting the full potential of our e-Commerce platform. The recent restructuring of the regional organisations in Continental Europe and Asia Pacific will support the delivery of the strategic objectives across those markets.

Information and communications systems

We are dependent on the quality and resilience of our information and communications infrastructure to support our worldwide distribution business. This infrastructure underpins the Group's new product initiatives and development of the electronics strategy. A major failure affecting these systems would cause significant disruption to our operations.

The recent upgrades to business systems in Europe and Asia Pacific, including investments in resilient infrastructure, systems knowledge and regional disaster recovery provision, have significantly reduced the risks in these areas.

We will continue to improve our information and communications infrastructure with the targeted introduction of supplementary technologies to support the achievement of the Group's strategic objectives, particularly in our e-Commerce capabilities.

Pricing

To ensure our success in the market, customers must be provided with “value for money” by competitive market pricing, high service levels and effective customer communications. There is a risk that in an economic recession, the market becomes increasingly price driven with the high service business model becoming less valued by our customers.

To address this we have robust pricing frameworks in place to allow us to respond quickly to market and competitor pricing developments. During the year we reduced the prices on a significant number of electronics products to improve our competitiveness. Also the expansion of our own brand ranges further supports our ability to compete on price in the current business environment.

Our use of targeted discounting, application of the pricing model and product sourcing strategies have contributed to the gross margin increasing between the first half and second half of the year in tough market conditions. These actions aim to ensure that we will remain competitive in the current tough market conditions, whilst our service offer with products “in stock” provides us with an advantage over many of our competitors.

People

The skills, expertise and commitment of our employees are important to the success of the Group strategy. A significant risk to strategy implementation is that the business is unable to attract or retain high performing employees, or that staff are not fully engaged in the strategy.

This risk is progressively addressed through the development of our internal competencies, supplemented with new expertise through external appointments. Employee commitment is encouraged through our appraisal processes, with personal objectives being aligned in support of the strategic objectives.

Our continuous improvement initiatives encourage employee involvement in identifying and implementing changes to improve customer experience and deliver greater efficiency.

The Group Executive Committee regularly spends time considering personal development and career progression opportunities for employees in the business. The annual Group meetings also involve the wider senior management engaging further in the Group strategy.

CORPORATE RESPONSIBILITY

At Electrocomponents sound corporate responsibility (CR) policies and practices are integral to our business. We believe that the progressive alignment of our values and strategy with responsible and ethical business policies and practices helps enhance competitiveness and is a driver for sustainable growth and success.

The Board takes regular account of CR matters in the business of the Group; the Group Chief Executive being the Director responsible for CR, health and safety and environmental matters at the Board.

Our Group Policy Manual defines our core values and the principles we apply in dealing with our customers, suppliers and other stakeholders. The Manual also covers the protection of our assets, competition law and conflicts of interest. We issue the Manual to our management population across the Group, and make the Manual available to all

employees via the Group Intranet. Managers are required to confirm receipt and ensure that employees are briefed on the contents. We have a “whistle-blowing” policy which allows employees to report matters of concern in confidence, with an independently operated “whistle-blowing” hotline in the UK and Asia Pacific regions.

We implement our CR policies through our management systems and processes in alignment with the overall governance structure of the Group. We monitor the effectiveness of our CR policies through regular reporting of key performance indicators and other related information.

Electrocomponents is a member of the FTSE4Good index and we participate in the Carbon Disclosure Project.

Customers and suppliers

Responsible selling and marketing and the provision of safety and environmental information are key elements of our service ethic and business model.

We source products and services from suppliers that meet, or are willing to meet, the Group’s ethical standards. In particular we will not knowingly source from organisations which use child labour or forced labour, which discriminate on the grounds of gender, ethnic or national origin, religion, sexual orientation, marital status, age or disability, or do not recognise freedom of association or collective bargaining.

All suppliers are informed of our CR principles, and all direct suppliers in countries of concern undergo periodic audit by regional sourcing teams, using assessment criteria based on Ethical Trade Initiative guidelines. During the last 12 months, we audited 30% of our direct suppliers in countries of concern.

Our customer service ethic is a core element of our strategy and business proposition. Some 40 sites around the world are covered by ISO9001 certifications, representing over 96% of the Group by turnover.

Employees

We value the commitment of our employees, and maintain a working environment where employees are valued and respected, and where there is equality of opportunity and where individual talent is recognised. Our approach is set out in further detail in the Directors’ Report.

Environment

The Group Environmental Policy Statement, which is set out in the Group Policy Manual, commits us to identifying and managing the environmental impacts associated with our activities. The policy and our implementation programmes support the Group’s strategy.

Our most significant environmental impacts are the carbon emissions due to the consumption of energy in our facilities, the use of paper in our printed catalogues, the generation of waste, packaging consumption and water use. We use a set of key performance indicators (KPIs) to assess and monitor the environmental performance of our sites and businesses. The KPIs index relevant environmental impacts to sales to reflect real performance allowing for business growth. This enables us to benchmark businesses and helps identify performance improvement opportunities.

In support of the implementation of our policy objectives we encourage our businesses to gain certification to ISO14001 where appropriate. During the year certification was extended to cover all of our UK

facilities. Some 53% of our workforce is employed in ISO14001 certificated businesses with a further five international sites working towards certification in 2010.

We report below on our environmental impacts for the calendar years 2007 and 2008. We aim to continually improve the quality and coverage of our environmental reporting and have restated the 2007 performance where appropriate with all KPIs on a constant currency basis. All of our facilities world-wide report their environmental performance and this report covers the comparable data for 2007 and 2008.

Emissions

During the 2008 calendar year, CO₂ emissions due to energy use per unit of sales were reduced by 5.7%. This decrease was in part due to the ending of the parallel operation of the old and new facilities at Fort Worth, Texas during the relocation of the Allied business during the 2007 calendar year.

Excluding the effect of the Fort Worth business relocation, there was an underlying reduction in CO₂ emissions per unit of sales of 0.8% across the Group during 2008. This was achieved through incremental projects to improve energy efficiency in heating, lighting and air conditioning use, and the decommissioning of surplus server equipment from the regionalisation of business systems.

Emissions KPIs	Total emissions (Tonnes CO ₂)		Tonnes CO ₂ per £m turnover	
	2008	2007	2008	2007
CO ₂ due to premises energy use ^{(1) (2)}	20,994	22,266	20.6	21.9

⁽¹⁾ CO₂ equivalent from all energy sources, including country specific CO₂ factors for electricity

⁽²⁾ Excludes a number of smaller facilities where utilities are included in lease costs

Paper

Over the past five years we have worked closely with our pulp suppliers and printers to reduce the carbon footprint of the paper catalogue, through refinements in the grades of paper used, the bindings and the covers. This has produced distribution efficiencies, cost savings and improvements to our carbon footprint.

All the pulp for our paper catalogues are sourced from either Sustainable Forestry Initiative or PEFC accredited forests, with all the printing carried out in ISO14001 certificated facilities. Catalogues in the European and Asian markets now carry the PEFC "chain of custody" accreditation marks.

Our customer packaging is the subject of a review by a working group which aims to identify opportunities to reduce the quantity of packaging whilst ensuring customer orders are protected against damage whilst in transit. A key development during 2008 was the introduction of the production packaging process for electronics products, which reduced significantly the quantity of packaging supplied with orders whilst providing a valuable new service to customers.

Waste

Influenced by a series of one-off factors, the levels of waste relative to turnover increased during calendar year 2008. The relocation of the Allied business together with the reorganisation of logistics in the UK and Europe resulted in the disposal of a range of equipment and materials including surplus pallets and scrap furniture which boosted the quantities recorded. In addition we are seeing the impact of improved reporting of waste and recycling performance.

The proportion of total waste which is recycled remained high, at 72%, although due to the one-off disposals referred to above this is lower than the 74% achieved in 2007.

Waste KPIs	Total waste (Tonnes)		Tonnes waste per £m turnover	
	2008	2007	2008	2007
Total waste	2,875	2,083	2.8	2.1
Waste reused/recycled	2,054	1,517	2.0	1.5

Water

As anticipated, water consumption per unit of sales fell in calendar year 2008, with a reduction of 7.3% year on year. The primary cause was completion of the move to the new warehouse and office complex in Fort Worth in 2007 with the increase in one-off water consumption associated with landscaping, and the cleaning and testing of fire protection systems at the new facility.

Incremental water efficiency measures in a number of businesses, together with the closure of some smaller trade counter facilities contributed to the reduction in consumption.

Water KPIs	Total water consumption (m ³)		Water consumption m ³ per employee	
	2008	2007	2008	2007
Total water use	42,359	45,799	41.8	45.1

Health and safety

We are committed to health and safety best practice as an integral part of our business activities and our drive for high performance. The Group Chief Executive and members of the Group Executive Committee have safety objectives set as part of their personal objectives with the Group's safety performance subject to ongoing review by the Group Executive Committee. In addition, there is a formal Groupwide safety performance report to the Group Executive Committee each quarter, with the Group Chief Executive presenting to the Board at least annually on safety performance from across the business.

Our health and safety management processes are based on the application of risk management techniques and on the Occupational Health and Safety Management Standard OHSAS18001. We are pleased to report that a number of our international businesses are working towards achieving OHSAS18001 certification, whilst our UK business has been certified to the standard since 2003.

During financial year 2009, the number of accidents reported increased by 15%, including a large rise in the number of "lost time" accidents. The total number of employee days lost due to an injury at work totalled 878 days, or 0.064% of working time, (2008, 0.044%). The most common causes of accident continue to be manual handling activities and slips, trips and falls, which are similar to other distribution businesses. Whilst our accident performance compares well with equivalent organisations in the service and support industries, our key objective for the coming year will be to improve our accident performance over 2009.

Health and safety KPIs		
	2008	2007
All accidents per 100,000 hours worked	3.36	3.04
Lost time accidents ⁽¹⁾ per 100,000 hours worked	0.84	0.33

⁽¹⁾ Lost time accidents are those where the employee is off work for at least 24 hours

Health and safety training continues to be a major element of our drive for improvement in performance, and during 2009 the numbers of employees attending health and safety training courses increased by 30%. We will continue to improve the quality of our management controls and to make targeted investments in health and safety improvements at our facilities. Key initiatives for 2010 will include, for example, a major project to improve fire safety and premises protections at our French warehouse, significant investment at our UK distribution centres to reduce risks from working at height, and a project to eliminate slip and trip risks by fitting anti-slip flooring in our UK contact centre.

As first reported in the 2005 Annual Report, an engineer was fatally injured at our Nuneaton, UK distribution centre in January 2005. The prosecution of our UK business was concluded in November 2008 with the company being fined £100,000 plus costs. The company has worked closely with the health and safety authorities to address the issues raised by the prosecution.

We are committed to developing a proactive and dynamic health and safety culture across the Group to reduce accidents, control risk, reduce costs and improve our reputation.

Verification

Electrocomponents evaluates its CR policies and performance as part of its risk management and internal audit processes. Those locations accredited to ISO9001, ISO14001 and OHSAS18001 have regular audits by external agencies.

Our environmental reporting processes and data are reviewed by our Operational Audit Department and our Group Risk Manager works with external consultants to review and where appropriate verify our environmental key performance indicators.

We consider that these procedures provide a reasonable level of assurance that our non-financial key performance indicators are free from material misstatement. Whilst we have considered the potential for further external verification of the Group's CR performance we have decided that currently we will limit this to external professional advice on specific matters as required.

BOARD OF DIRECTORS



(a) = member of the Nomination Committee
 (b) = member of the Treasury Committee
 (c) = member of the Group Executive Committee
 (d) = member of the Remuneration Committee
 (e) = member of the Audit Committee

1. H Mamsch, Chairman

Helmut Mamsch, 64, joined as Chairman Designate in September 2006 and took over as Chairman in October 2006. He is a non-executive Director of both GKN plc, and Sappi Ltd (South Africa). Until 2007, he was non-executive Deputy Chairman of Logica CMG plc and a member of the Supervisory Board of K+S AG. He was formerly a non-executive Director of RMC Group plc and a Management Board member of VEBA AG (now E.ON.AG).

(Chairman of the Nomination Committee) (a)

2. I Mason, Group Chief Executive

Ian Mason, 47, joined the Group in February 1995 as Director of Business Development. He was appointed to the Board of Directors in July 2000 as Chief Operating Officer and was appointed Group Chief Executive in July 2001. Previously he worked for The Boston Consulting Group. In November 2007 he was appointed as a non-executive Director of The Sage Group plc. *(Chairman of the Group Executive Committee) (b) (c)*

3. S Boddie MA ACA, Group Finance Director

Simon Boddie, 49, joined as Group Finance Director in September 2005 from Diageo plc. He joined Diageo in 1992 where he held a variety of senior finance positions, latterly as Finance Director of Key Markets. *(Chairman of the Treasury Committee) (b) (c)*

4. A Auer BA MBA ACT, Non-Executive Director

Adrian Auer, 60, will be officially appointed on 1 July 2009. Adrian is Chairman of both Shanks Group plc, a leading provider of sustainable waste management solutions, and Readymix plc. He has held the

position of Finance Director in a number of major companies, notably in the building materials and construction sectors, as well as senior finance positions with BP and ICI. Until recently was a non-executive Director at Filtrona plc. In September 2007 he was appointed Chairman of Addaction, Britain's largest specialist drug and alcohol treatment charity. *(a) (d) (e)*

5. P Hollingworth, Non-Executive Director

Paul Hollingworth, 49, joined as a non-executive Director in May 2008. Until October 2008 he was Chief Financial Officer of Mondi Group. Previously, he was Group Finance Director of BPB plc and prior to that Group Finance Director of De La Rue plc and Ransomes plc. Currently he is a Director and Chairman of Aylesford Newsprint Holdings Limited. *(Chairman of the Audit Committee with effect from Timothy Barker's retirement on 17 July 2009) (a) (d) (e)*

6. R Soames, Non-Executive Director

Rupert Soames, 50, joined as a non-executive Director in July 2007. Rupert is Group Chief Executive of Aggreko plc. Previously he was Chief Executive of the Banking and Securities Division of Misy plc and a non-executive Director of Baggeridge Brick plc. *(Senior Independent Director with effect from Timothy Barker's retirement on 17 July 2009) (Chairman of the Remuneration Committee with effect from Leslie Atkinson's retirement on 17 July 2009) (a) (d) (e)*

7. I Haslegrave LLB ACIS, General Counsel and Company Secretary

Ian Haslegrave, 40, joined the Company in September 2006 from Viacom Outdoor Limited where he was International Legal Director. Previously he worked at United Biscuits Limited and Freshfields Bruckhaus Deringer. *(b)*

Retiring directors

L Atkinson MA D.Phil, Non-Executive Director

Dr Leslie Atkinson, 65, joined as a non-executive Director in July 2000, having spent most of his career with BP where he became Chairman of BP Asia Pacific. He has also been a member of the UK Government's Central Policy Review Staff, Vice President of the Chamber of Shipping and served on the Board of the Securities and Futures Authority. His other non-executive Directorships include AEA Technology plc, Samworth Brothers (Holdings) Ltd and Witan Pacific Investment Trust plc. *(Chairman of the Remuneration Committee until his retirement on 17 July 2009) (a) (d) (e)*

T G Barker MA, Senior Independent Director

Timothy Barker, 69, joined as a non-executive Director in July 2000. From 1998 until his retirement in 2000, he was a Vice-Chairman of Dresdner Kleinwort Benson and from 1993 of Kleinwort Benson Group plc. In the mid-1980s he was Director General of the City Panel on Takeovers and Mergers. He is the Senior Independent Director of Drax Group plc. *(Chairman of the Audit Committee and Senior Independent Director until his retirement on 17 July 2009) (a) (d) (e)*

DIRECTORS' REPORT

The Directors present their report on the affairs of the Group together with the audited accounts for the year ended 31 March 2009.

Principal Activity and Business Review

The principal activity of the Group is the high service level distribution of electronic, electrical, industrial and commercial supplies and services to engineers worldwide, through its 27 operating companies and its distributors. Significant events which occurred during the year are detailed in the Chairman's statement, the Group Chief Executive's review, and the Business Review shown on pages 1 to 20.

The Business Review is incorporated by reference into, and forms part of, this Directors' Report.

Corporate Governance

The Company and the Group are committed to high standards of corporate governance, details of which are given in the Corporate Governance Report on pages 24 to 27 and in the Remuneration Report on pages 28 to 33.

Results and Dividends

Results for the year are set out in the Income Statement on page 36. An analysis of revenue, profit and net assets by activity is shown in note 2 on pages 43 to 45.

The Directors recommend a final dividend of 6p per ordinary share, to be paid, if approved, on 24 July 2009 which, together with the interim dividend of 5p per share paid in January 2009, amounts to a total dividend of 11p for the year ended 31 March 2009 (2008: 18.4p).

Going Concern

The Group's activities, strategy and performance are explained in the Chief Executive's review and the Business Review on pages 3 to 5 and 12 to 20.

Further detail on the financial performance, financial position and cash flows of the Group is provided in the Business review on pages 13 to 17.

Note 20 to the consolidated financial statements provides details of the Group's debt maturity profile, capital management policy, hedging activities and financial instruments and its exposures to interest rate and foreign currency risks.

The Group is highly cash generative as evidenced in its strong cash flow performance with free cash flow representing 118% of profit after tax for the year ended 31 March 2009. Management reviews its actual and forecast cash flows each month to ensure that sufficient facilities are in place to meet the Group's requirements. At 31 March 2009, the Group's net debt was £203.2m with total committed bank facilities of £314m (£281m having a maturity of September 2012). The headroom between the committed facilities and net debt at the year end was £110.8m.

Compliance with the Group's bank covenants is monitored monthly and sensitivity analyses are periodically applied to forecasts to assess their impact on covenants and net debt. At 31 March 2009 there was significant headroom between the Group's financial position and its banking covenants; it is expected that such covenants will continue to be complied with for the foreseeable future.

The Group has sufficient financial resources, a large and geographically spread customer base and strong supplier relationships. Therefore, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

Financial Instruments

For information on the Group's use of financial instruments, including financial risk management objectives and policies of the Group and exposure of the Group to certain financial risks, see note 20 on pages 60 to 66 to the Group accounts.

Payment to Suppliers

The Group agrees terms and conditions for its business transactions with different suppliers. Payment is then made according to these terms, subject to the supplier fulfilling its obligations. The Company has no trade creditors. Supplier payment days for the continuing operations of the Group outstanding at 31 March 2009 represent 31 days (2008: 39 days) of average purchases.

Directors Indemnities

In accordance with the Company's Articles of Association, the Company entered into a deed of indemnity to the extent permitted by law with each of the Directors, officers of the Company and the Company Secretary in 2007.

The Company purchased and maintained directors' and officers' liability insurance throughout 2008, which was renewed for 2009.

Neither the indemnity nor insurance provide cover in the event that the Director, officer or Company Secretary is proved to have acted fraudulently.

Employment Policies

The Group values highly the commitment of its employees and has maintained its practice of communicating business developments to them wherever practicable. The Executive Directors have provided presentations of the Group Results (including the Half-Yearly Financial Results). The Group also has a bi-annual newsletter, "RS News", with stories of success and interest around the world.

There are numerous consultation forums across the Group, such as the Information Consultation Forum in the UK, which is designed to facilitate communication by employees with senior management.

Employees are appraised regularly. The appraisal process has been designed to link closely with the business planning process and provides employees with a clear set of business and personal objectives.

During the year employees around the world were invited to participate in all employee share plans. These plans are popular with employees, with approximately 33% participation in the UK SAYE Scheme.

The Group is committed to a policy of Equal Opportunities with regard to its employment practices and procedures. The Group remains supportive of the employment and advancement of disabled persons and ensures its promotion and recruitment practices are fair and objective. The Group has a Diversity Policy which includes its clear obligations towards employees or prospective employees to ensure that people with disabilities are afforded equal employment and development opportunities.

Substantial Shareholders

As at 26 May 2009, the Company has been notified, in accordance with the FSA Disclosure and Transparency Rules, of the following interests in the voting rights of the Company:

	Nature of Interest	Number of Shares	Percentage held
Silchester International Investors Limited	Direct	82,755,730	19.01%
Prudential plc group of companies	Direct	42,503,851	9.76%
Sprucegrove Investment Management Ltd	Direct	39,642,142	9.11%
UBS AG	Direct	1,682,912	0.39%
	Indirect	20,132,469	4.62%
	Total	21,815,381	5.01%
Majedie Asset Management Ltd	Indirect	21,802,755	5.01%
Legal & General Group plc	Direct	17,403,410	3.99%
Oppenheimer Funds Inc. and Baring Asset Management Ltd	Direct	17,283,540	3.97%
Aviva plc	Direct	15,755,003	3.62%

Share Capital

Full details of share options and awards and shares issued under the terms of the Company's share incentive plans can be found in note 6 to the accounts on pages 46 to 49.

The Company has a single class of share capital which is divided into 500,000,000 ordinary shares of 10 pence each. The shares are in registered form.

Additional Information for Electrocomponents plc Shareholders

The information for Electrocomponents plc shareholders required pursuant to the Companies Act 2006 can be found on page 82 and is incorporated into and forms part of this report.

Political and Charitable Contributions

The Group made no political contributions during the year. Charitable contributions within the UK amounted to £17,256 (2008: £12,028) and outside the UK amounted to £8,636 (2008: £10,841).

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 they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Annual General Meeting

The Notice of the Annual General Meeting, which will be held at 12 noon on Friday 17 July 2009 at the Company's premises, The International Management Centre, 8050 Oxford Business Park North, Oxford, OX4 2HW, is set out in a separate circular.

By order of the Board

Ian Haslegrave

General Counsel & Company Secretary
29 May 2009

CORPORATE GOVERNANCE REPORT

In respect of the year ended 31 March 2009, the Company has been subject to the provisions of the Combined Code on Corporate Governance published in July 2003 and last revised in June 2008 (the "Combined Code"). Section 1 of the Combined Code establishes 17 main principles and 26 supporting principles of good governance in four areas: Directors; Accountability and Audit; Relations with Shareholders; and Remuneration of Directors. This report explains how these principles were applied in the first three of these areas. A detailed report on Directors' Remuneration can be found on pages 28 to 33.

Directors

The Board

As at 31 March 2009 the Board comprised the Chairman, who is part-time, two Executive Directors and four independent Non-Executive Directors, two of whom, (Leslie Atkinson and Tim Barker) will retire at the forthcoming Annual General Meeting. Since the year end, it has been announced that Adrian Auer will be appointed to the Board as a Non-Executive Director with effect from 1 July 2009. The Board is collectively responsible for the performance of the Company. The Board has carefully considered the guidance criteria on independence of non-executive directors under the Combined Code. In the opinion of the Board, all the continuing Non-Executive Directors bring independence of judgement and character to the Board and to the committees on which they sit. They are sufficiently independent of management and are free from any business or other relationships which could interfere with the exercise of their judgement.

The Board has a formal schedule of matters reserved for its approval. It is responsible for the overall Group strategy and the approval and review of major investment proposals. The Board discusses and agrees strategic plans, reviews forecasts and evaluates Group and subsidiary performance. Other day-to-day operational decisions are delegated by the Board to the Group Executive Committee. Information and agenda items are recommended to the Board by the Group Executive Committee and the Company Secretary after discussion with the Chairman and Group Chief Executive. The Board normally includes a visit to an operating company as part of its annual schedule of meetings.

Changes made to the Company's Articles of Association at the 2008 Annual General Meeting, and the subsequent introduction of the relevant legislation, have given the Board the power to authorise situations which might give rise to Directors' conflicts of interest. Formal conflicts of interest management procedures have therefore been adopted by the Board. The Board is responsible for considering whether authorisation is required, and if it can be given, in relation to new situations as they arise. The Board reviews annually any conflict authorisations it has given and any limitations which have been applied.

Biographical details of the Directors at the date of this report are set out on page 21, together with details of their membership of Board Committees.

Board Committees

The Board has a number of standing committees consisting of certain Directors and, in the case of the Group Executive Committee and Treasury Committee, certain senior managers, to which specific responsibilities have been delegated and for which written terms of reference have been agreed. These terms of reference are available for inspection on the Company's website. Board members receive minutes of meetings of all the Board's committees and can request presentations or reports on areas of concern.

The Group Executive Committee consists of the Executive Directors and certain senior managers with Operating Company and Process responsibilities. It is chaired by the Group Chief Executive. The Committee has met 11 times during the financial year ended 31 March 2009 and manages the day-to-day activities of the Group. The Board has delegated the following responsibilities to the Group Executive Committee: the development and recommendation of strategic plans for consideration by the Board; the monitoring of the operating and financial results against plans and forecasts; and the development of risk management and control procedures.

The Audit Committee consists of all the Non-Executive Directors and meets at least three times a year and more frequently if required. The committee assists the Board in its duties regarding financial statements and regularly reviews the operation of internal financial controls with the internal operational audit team and, where applicable, external auditors. It also reviews the scope and results of the audit with the external auditors and the results of the work of the internal operational audit team. The committee is also responsible for reviewing the arrangements whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The committee is currently chaired by Tim Barker. Since the year end it has been announced that Paul Hollingworth, who has relevant financial and accounting experience, will take over the chair on Tim's retirement on 17 July 2009. Further details of the role of the Committee are set out on pages 26 to 27.

The Treasury Committee consists of the Group Chief Executive, the Group Finance Director, the Group Treasurer, the Assistant Group Treasurer, the Group Controller, the Company Secretary and the Group Tax Manager and sets detailed treasury policy for the Group within guidelines established by the Board. The Committee meets quarterly.

The Remuneration Committee consists of all the Non-Executive Directors and is chaired by Leslie Atkinson. Since the year end it has been announced that Rupert Soames will chair the Committee after Leslie's retirement on 17 July 2009. The Committee meets as required, at least twice a year and is responsible for all aspects of the remuneration of Executive Directors and senior managers. Details of the remuneration policy and of the remuneration of each Director are set out in the Remuneration Report.

The Nomination Committee consists of the Chairman and all the Non-Executive Directors. The Chairman, Helmut Mamsch, chairs the Committee. The Committee meets as required and recommends to the Board candidates for appointment as Executive and Non-Executive Directors of the Company. The Committee periodically assesses what new skills, knowledge and experience are required on the Board and if appropriate, recommends a candidate profile which is then used to brief recruitment consultants appointed by the Committee to undertake the selection process. Initial meetings are held generally by the Chairman and the Group Chief Executive with prospective candidates and a shortlist of individuals is selected to meet with other Nomination Committee members and the Executive Directors. The Nomination Committee then meets and decides which candidate, if any, will be recommended to join the Board. This process was used for the appointment of Adrian Auer and other recent appointments of Non-Executive Directors. The Board has succession plans in place for both the Board and the Group Executive Committee.

Board Attendance

The following table sets out the number of meetings of the Board and of the Audit, Remuneration and Nomination Committees during the year and individual attendance by the relevant members at these meetings:

	Scheduled Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Number of meetings held during the year	9	4	4	4
Chairman				
H Mamsch	9	–	–	4
Executive Directors				
I Mason	9	–	–	–
S Boddie	9	–	–	–
Non-Executive Directors				
L Atkinson	9	4	4	4
T G Barker	9	4	4	4
K Hamill ^(a)	4	2	1	–
P Hollingworth ^(b)	8	4	2	4
R C Soames	9	4	4	4

^(a) Keith Hamill ceased to be a Director on 18 July 2008.

^(b) Paul Hollingworth was appointed to the Board on 1 May 2008.

Chairman, Group Chief Executive and Senior Independent Director

The roles of Chairman and Group Chief Executive are held by different individuals. The division of responsibilities between the Chairman and Group Chief Executive has been clearly established; their responsibilities are set out in writing and have been agreed by the Board.

The Chairman is responsible for leadership of the Board and for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman has no involvement in the day-to-day business of the Company. The Chairman facilitates the effective contribution of the Non-Executive Directors, and ensures Directors receive accurate, timely and clear information. He is also responsible for effective communication between the Board and shareholders.

The Group Chief Executive has direct charge of the Company on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group, and the determination of the strategy and the achievement of its objectives.

Tim Barker as the Senior Independent Director is responsible for chairing the meeting of Non-Executive Directors for the purpose of evaluating the Chairman's performance and to provide an alternative communication channel for shareholders if required.

Since the year end, it has been announced that Rupert Soames will replace Tim Barker as the Senior Independent Director with effect from Tim's retirement from the Board on 17 July 2009.

Professional Development

Directors are encouraged to update their skills, knowledge and familiarity with the Group by attending external seminars and briefings, through participation at meetings and through visits to operating units, both in the UK and overseas, as well as by receiving presentations from senior management. The Directors are regularly updated on new legislation, including training during the year on the new provisions regarding directors' interests introduced by the Companies Act 2006. Directors are given access to independent professional advice at the Group's expense, if they deem it necessary in order for them to carry out their responsibilities. This is in addition to the access that every Director has to the Company Secretary. The Company has continued to secure appropriate insurance cover for its Directors and its officers.

Performance Evaluation

During the year the Chairman has held meetings with the Non-Executive Directors, without the Executive Directors present. In addition, the Board has carried out a formal evaluation of its own performance. The process comprised the Company Secretary issuing a detailed questionnaire covering the Board and its Committees to Board members. The questionnaire covered issues such as effectiveness of meetings, how well strategy is tested and developed, Board composition and succession planning and risk management controls. The responses to the questionnaire were collated independently by the Company Secretary, who then prepared reports for each of the chairmen of the Board and relevant Committees. The reports were discussed at the Board and the relevant committees and necessary follow-up actions agreed.

During the year, the Non-Executive Directors, led by Tim Barker in his capacity as the Senior Independent Director, met to review the performance of the Chairman, taking into account the views of the Executive Directors. Following the review, Tim Barker met with the Chairman to discuss his performance.

Appointments, Retirements and Re-elections

Leslie Atkinson and Tim Barker have notified the Board that they will retire at the forthcoming Annual General Meeting, having each served nine years on the Board, and will not be seeking re-election.

Simon Boddie will retire at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association and, being eligible, is offering himself for re-election. Simon Boddie has a one year rolling contract.

Since the year end, it has been announced that Adrian Auer will be appointed as Non-Executive Director from 1 July 2009 and is therefore standing for formal election at the forthcoming Annual General Meeting. Adrian is participating in a company induction which includes time with the Group Executive Committee members, visiting an operating company and a day out with the sales team.

Directors' Interests in Shares

The beneficial interests of the Directors in the shares of the Company are set out in the table below. The Directors have no non-beneficial interests:

	31 March 2009 or date ceased to be a Director	31 March 2008 or date appointed as a Director
L Atkinson	2,260	2,260
T G Barker	15,000	15,000
S Boddie	100,000	75,000
K Hamill ^(a)	5,183	5,183
P Hollingworth ^(b)	10,000	–
H Mamsch	10,000	10,000
I Mason	137,349	112,349
R C Soames	5,866	5,866

^(a) Keith Hamill ceased to be a Director on 18 July 2008.

^(b) Paul Hollingworth was appointed to the Board on 1 May 2008.

Directors' interests in Incentive Plans and Share Options are disclosed on pages 32 and 33.

Up to 29 April 2009 there have been no changes in the Directors' interests or rights to subscribe for shares.

Accountability and Audit

In its financial reporting to shareholders and other interested parties, by means of Annual and Half-Yearly Financial Reports, Interim Management Statements and other periodic statements, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

Internal Control

The Group has an established and on-going process of risk management and internal control which has continued throughout the year under review and up to the date of approval of the annual report and accounts. The Board is responsible for the effectiveness of the Group's system of internal control, which has been designed and implemented to meet the particular requirements of the Group and the risks to which it is exposed.

In accordance with the requirements of the Combined Code and the recommendations of the Turnbull Review Group on internal control, the Directors have reviewed the effectiveness of the system of internal control. The Audit Committee receives regular reports on the performance of the system of internal control, and on its effectiveness in managing material risks and in identifying control failings or weaknesses. Board members then receive the minutes of each Audit Committee meeting.

The Audit Committee dedicates one meeting a year to the review of the Group's risk management process with the minutes of the review being reported to the Board. Together with the provision of regular updates to the Board on material risk issues, these allow the Board to make the assessment on the systems of internal control for the purposes of making its public statement.

During the period under review, the underlying business environment introduced additional challenges to the business. The principal risks and uncertainties to which the business is exposed remain consistent however, and there were no control failings or weaknesses that resulted in unforeseen material losses. The internal control system can provide reasonable but not absolute assurance against material

misstatement or loss. Further information regarding risks to the business is given on pages 17 to 18 of the Business Review.

Internal financial controls are the systems employed by the Directors to enable them to discharge their responsibilities for financial matters. Those responsibilities are noted on page 34.

The main financial control elements are described below.

Clear terms of reference set out the duties of the Board and the Board Committees, with delegation of operating responsibility through the Board Committees to management in all locations. Operating company controls are detailed in Group Finance and Group Treasury manuals that specify the controls necessary in identified areas of financial risk. Smaller Group operating companies are supported by Group, regional and Process specialists in key areas.

Financial reporting systems are comprehensive and include weekly, monthly and annual reporting cycles. Monthly management accounts are prepared by all operating companies and Group-wide Processes. These contain forecasts of the current financial year which are updated four times per year and are compared against the previous forecast, the budget and prior year actuals. Variances are reviewed by the Group Executive Committee and by the Board. Specific reporting systems cover treasury operations, major investment projects and legal and insurance activities, which are reviewed by the Board and its Committees on a regular basis.

The Group has a team of internal operational auditors which has an annually agreed audit programme approved by the Audit Committee. The team reports regularly to the Audit Committee on the results of audits performed and reviews self-certification internal control questionnaires completed by operating management.

The Board and the Audit Committee have reviewed the effectiveness of the Group's system of internal control and internal financial control during the period covered by this report.

Audit Committee and Auditors

The Audit Committee and Board put great emphasis on the objectivity of the Company's auditors KPMG Audit Plc ("KPMG") in their reporting to shareholders. The Audit Committee met four times during the year ended 31 March 2009 and the Group Audit Engagement Director from KPMG was present at all of these meetings to ensure full and open communication. In addition to the members of the Audit Committee, it was normal for the following people to receive the Audit Committee papers and attend meetings:

1. the Chairman of the Company
2. the Group Chief Executive
3. the Group Finance Director and Group Controller
4. the Head of Internal Audit
5. the Company Secretary

Their attendance was at the invitation of the Audit Committee Chairman only and does not restrict the Committee's independent decision making.

The overall performance of the auditors is reviewed annually by the Audit Committee, and also covers re-appointment as well as reassurance that there are no issues which could adversely affect the auditors' independence and objectivity.

Views of management are also taken in account and this is reported to senior members of KPMG. This forms part of KPMG's own system of quality control. The Audit Committee also has discussions with

KPMG, without management being present, on the adequacy of controls and on any significant area where management judgement has been applied.

The scope of the year's audit is discussed in advance by the Audit Committee. Following discussions between the Operating Companies and the local KPMG offices and a review by Group management, audit fees are reviewed by the Audit Committee and are then recommended to the Board for approval. Professional rules require rotation of the Group Audit Engagement Director from KPMG. This will take place in July 2009 when a new Director will be appointed, replacing the current Director who has held the post for five years.

The annual appointment of auditors by the shareholders at the Annual General Meeting is a fundamental safeguard, but beyond this, controls have been in place for some years to ensure that additional work performed by the auditors is appropriate and subject to proper review.

With respect to non-audit assignments undertaken by KPMG the Company has developed a policy to ensure that the provision of such services does not impair KPMG's independence or objectivity.

The policy is as follows:

- When considering the use of the external auditors to undertake non-audit work, the Group Finance Director should at all times give consideration to the provisions of the Smith Report with regard to the preservation of independence;
- The external auditors must certify to the Company that they are acting independently;
- In providing a non-audit service, the external auditors should not:
 - audit their own work;
 - make management decisions for the Company;
 - create a mutuality of interest; or
 - find themselves in the role of advocate for the Company.
- Before commissioning non-audit services, the Audit Committee or the Group Finance Director as appropriate must ensure that the external auditors are satisfied that there is no issue as regards independence.
- The Group Finance Director has authority to commission the external auditors to undertake non-audit work where there is a specific project with a cost that is not expected to exceed £50,000. This work has to be reported to the Audit Committee at its next meeting. If the cost is expected to exceed £50,000, the agreement of the Audit Committee is required before the work is commissioned. In either case, other potential providers must be adequately considered.
- The Group Finance Director monitors all work done by the external auditors or other providers of accountancy services anywhere in the Group in excess of £10,000.

Relations with Shareholders

Executive Directors have frequent discussions with institutional shareholders on a range of issues affecting the Group's performance, which include meetings following the announcements of the annual and interim results, the results of which are communicated to, and discussed by, the Board. At these meetings the Executive Directors and the Chairman meet with major shareholders to discuss performance, strategy and governance, and the Non-Executive Directors are available for discussions with shareholders if required. The Group Finance Director regularly reports to the Board on meetings with shareholders, ensuring that the views of the shareholders are communicated to the Board through these reports.

The Senior Independent Director attended meetings with major shareholders during the financial year ended 31 March 2009. Shareholders are also given the opportunity to meet with and put questions to the Chairman and other Board Directors at each year's Annual General Meeting.

Compliance with the Combined Code

During the year ended 31 March 2009, the Directors consider that the Company complied with the provisions set out in Section 1 of the Combined Code.

By order of the Board

Ian Haslegrave

General Counsel & Company Secretary
29 May 2009

REMUNERATION REPORT

Remuneration Committee

Role and Membership

The Remuneration Committee ('Committee') is responsible for recommending overall remuneration policy in respect of the Executive Directors, the Chairman and senior managers. The Board as a whole determines the remuneration of the Non-Executive Directors.

The Committee was chaired throughout the year by Leslie Atkinson. The other members of the Committee over the year were Keith Hamill (until his resignation from the Board on 18 July 2008), Tim Barker, Rupert Soames and Paul Hollingworth (following his appointment to the Board on 1 May 2008). The Chairman was invited to attend Committee meetings during the year. The Committee met four times during the year. Attendance by individual Committee members at meetings is detailed in the Corporate Governance report on page 25.

During the year ended 31 March 2009, the Committee adhered to the principles and provisions of the Combined Code as it applied during that year. In preparing this Report, the Board has followed the provisions of Section 1B of the Combined Code.

Advisers

For the year under review, the Committee has taken advice from the following:

- Kepler Associates, who provided advice and data in respect of the remuneration of the Chairman, Executive and Non-Executive Directors, the data required for the measurement of performance targets relating to the various executive share-based plans, and advice regarding the setting of performance targets for the Long Term Incentive Plan (LTIP). Kepler Associates provided no other advice or services to the Company;
- the Chairman, Group Chief Executive and Group Finance Director, who have attended parts of meetings by invitation to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers;
- the General Manager – Group HR, who advised on remuneration of senior managers; and
- the Company Secretary, who acts as Secretary to the Committee.

Remuneration Policy

The remuneration policy has applied during the year ended 31 March 2009 and will continue to apply during the year ending 31 March 2010. The Committee keeps the Company's policy under regular review, in order to meet its remuneration objectives described below.

Executive Directors

The objectives of the remuneration policy for Executive Directors are to:

- provide a remuneration package which is competitive and linked to performance; and
- ensure that the Group can attract and retain executives who have the experience, skills and talents to manage and develop the business successfully.

The components of the remuneration package for Executive Directors are:

- Fixed: Basic Salary; Pension; Other Benefits.
Variable: Annual Bonus; Deferred Share Incentive Plan; Long Term Incentive Plan; Executive Incentive Plan.

The Committee strives to ensure that shareholders' interests are served by creating an appropriate balance between performance related and non-performance related components of the remuneration package. In order to fulfil its objectives, the Committee believes that it is important to retain a certain amount of flexibility in structuring appropriate remuneration, for instance to facilitate the recruitment of suitably qualified candidates.

The Chairman and Non-Executive Directors

Remuneration comprises an annual fee for the Chairman and Non-Executive Directors of the Company. An additional fee is paid to the Chairmen of the Audit and Remuneration Committees. The Chairman and Non-Executive Directors do not participate in the Company's incentive or bonus schemes, nor do they accrue any pension entitlement.

Remuneration Components for Executive Directors

Basic Salary

In determining salary levels, the Committee takes into account the following:

- comparable information for similar job functions in companies of a similar size;
- the international spread and competitive nature of the Group's businesses;
- the individual's experience, performance and contribution in the areas for which responsibility is held;
- pay and conditions around the Group.

The Committee has decided that the Executive Directors will not receive an increase in basic salary in the financial year ending 31 March 2010. This is also the case for other senior managers in the Group.

Annual Bonus Plan

The Annual Bonus Plan aims to ensure that the incentives for Executive Directors and senior managers are competitive and closely aligned to the Company's financial performance.

Cash: For Executive Directors, the plan links bonus to financial performance (80%), and personal achievement of non-financial objectives (20%). The financial element is based on Group PBT, sales and cash flow. The performance targets are established by the Board and adopted by the Committee on an annual basis and reflect market conditions as well as strategic and operational factors. On-target performance could earn a cash bonus of 50% of salary for each Executive Director, with a maximum cash bonus of 100% of salary.

Deferred shares: In the first half of the financial year, the Committee reviewed the overall remuneration package for Executive Directors and other senior managers. The review concluded that there was a need for an additional incentive opportunity for participants in the EIP (see below) after its expiry in respect of the financial year ended 31 March 2009. Following consultation with major shareholders in June 2008, the Committee agreed a deferred share element to the annual bonus plan. From March 2009, any cash bonus awarded will also attract deferred shares in Electrocomponents plc equivalent to 50% of the cash bonus. These deferred shares will be released after two years subject to continued employment. This effectively increases the overall on target bonus opportunity for Executive Directors to 75% of salary, and maximum to 150% of salary.

The Committee has discretion to vary bonus payments for participants but only in appropriate circumstances. Annual bonus payments are not pensionable.

Following consideration of the Group's financial performance and in light of the cost reduction programme for the financial year ended 31 March 2009, it was determined that no bonus payments would generally be made across the Group. Consequently the Executive Directors were not awarded a bonus in respect of the financial year ended 31 March 2009.

Long Term Incentive Plan ('LTIP')

A conditional award of shares (an 'Award') was made to plan participants under the LTIP in the year ended 31 March 2009. The Award is subject to the performance condition detailed in the paragraph below and is conditional on their continued employment with the Group until the determination of the performance condition, except in certain circumstances as explained below. The LTIP is designed to align long-term incentives with the interests of shareholders and reflect current best practice. Participation in the plan extends to Executive Directors and the Group's senior managers. Awards were made over a total of 1,594,600 ordinary shares in the Company on 9 July 2008. The maximum value of Awards permissible under the LTIP is 150% of basic salary for exceptional performance, although in practice the Committee would normally award shares up to a value of 100% of basic salary.

Vesting of Awards made in previous financial years under the LTIP were dependent upon Electrocomponents' three year Total Shareholder Return ('TSR') percentage out-performance of the FTSE 250 Index (the 'Index'). Prior to making the Award in July 2008, the Committee reviewed the performance target. The revised target is for vesting of one half of the Award being conditional on TSR as described above. Vesting of the other half of the Award is conditional on growth in the Company's nominal Earnings Per Share ('EPS').

For the part of the Award conditional on TSR to vest in full, the Company's TSR must outperform the TSR of the Index by at least 20% over three years. If the Company's TSR is equal to or below the TSR of the Index, none of this part of the Award will vest. Between these two levels this part of the Award will vest on a straight-line basis.

For the part of the Award conditional on EPS to vest in full, the percentage increase in the Company's EPS over the three year Performance Period must be at least 10% per annum. If the percentage increase in the Company's EPS is 5% per annum or less, none of this part of the Award will vest. Between these two levels this part of the Award will vest on a straight-line basis.

A cash payment, equivalent to the dividends that would have accrued on the number of shares that vest, will be made to participants on vesting.

For the Award to vest, the Committee must additionally be satisfied that there has been a sustained improvement in the Company's underlying financial performance.

The Committee selected TSR and EPS as performance measures because it felt this would provide a good balance between external and internal measures of performance, as well as absolute and relative performance. TSR aligns performance with shareholders' interests, and the FTSE 250 Index was chosen as the benchmark because Electrocomponents is a constituent of the Index and the Index is objective and transparent. EPS growth provides a measure of the profitability of the Company, reflecting more directly management performance and is a measure used by investors in deciding whether to invest in the Company.

Executive Incentive Plan ('EIP')

The EIP, which is limited to Executive Directors and members of the Group Executive Committee, was a one-off incentive plan designed to reward achievement of the PBT targets set for the year ended 31 March 2009. The main conditional award of shares was made on 1 February 2006. Further awards were made to new members of the Group Executive Committee joining before 31 December 2007, pro-rated to the proportion of the full performance period they will have been members of the Committee at the time of vesting.

No element of these awards has vested and on 29 May 2009 they lapsed in their entirety.

Long Term Incentive Share Option Plan ('LTIOIP')

No awards have been made under the LTIOIP since the year ended 31 March 2006 and there is no intention to make further awards under this plan. Further information regarding the performance targets is on page 32.

Executive Shareholding Guidelines

Executive shareholding guidelines are in place which require Executive Directors to retain at least 50% of any awards that vest in order to help build-up their personal holdings of Electrocomponents plc shares to a value of 200% of salary for the Group Chief Executive and 100% of salary for the Group Finance Director.

Savings Related Share Option Scheme

Executive Directors can participate in the Savings Related Share Option Scheme, which is open to all UK employees. Performance conditions have not been imposed, as they are not permissible under UK HM Revenue & Customs rules for this type of scheme.

Dilution

Awards and options granted under the Company's share plans are generally satisfied by the issue of new shares. The Company has an employee benefit trust which can also be used to provide shares to satisfy share awards, by purchasing shares in the market. This trust would be funded by the Company. The trust currently holds 308,417 (2008: 308,417) shares. The Company's current dilution levels are well within commonly accepted limits.

Electrocomponents Group Pension Scheme ('the Scheme')

Executive Directors participate in the section of the Scheme that provides defined benefits on retirement. The Scheme operates a Scheme specific earnings limit therefore maintaining a cap on pensionable earnings (the 'earnings cap'), which is currently £117,600.

Annual salary considered for defined benefit pension purposes is restricted to increase at a maximum of 3% p.a. from June 2008, in line with the changes agreed with all members of the pension scheme. Salary awards above 3% attract normal Defined Contribution section benefits in line with other members of the Scheme.

Under the Scheme, the Directors benefit from the following provisions:

- a pension accrual rate of one-thirtieth for each year of service;
- pension accrued after 1 June 2008 will be subject to a life expectancy risk sharing agreement, which was agreed with all members of the defined benefit section of the Scheme in 2008;

- a normal retirement age of 60;
- a pension on retirement of up to two-thirds of pensionable earnings, or the earnings cap if lower;
- benefits drawn from the Scheme before normal retirement age are reduced to reflect the fact that they are paid sooner and for longer than anticipated. The reduction factors are calculated on a basis that is intended to be 'cost neutral' to the Scheme;
- in the event of death before retirement, a capital sum equal to four times basic salary is payable together with a spouse's pension of two-thirds of the member's prospective pension at age 60 and children's pensions if appropriate;
- in the event of death in retirement, a spouse's pension of two-thirds of the member's pre-commutation pension is payable; and
- pensions in payment or in deferment receive statutory increases annually in February. Additional increases are payable at the discretion of the Company and the trustee of the Scheme. No such increases have been awarded during the year.

Where the amount of a pension on retirement is limited by the earnings cap, arrangements have been agreed with individuals to compensate them for the reduction in benefits by salary supplement, details of which are included in a table shown on page 32.

The following table gives details for each Director of:

- the annual accrued pension payable from normal retirement age, calculated as if they had left service at the year end i.e. 31 March 2009;
- the increase in accrued pension attributable to service as a Director during the year;
- the transfer value of the accrued benefit at the year end;
- the transfer value of the accrued benefit at the previous year end; and
- the increase in the transfer value over the period.

These amounts exclude any (i) benefits attributable to additional voluntary contributions; and (ii) actual members' contributions.

Disclosure of Directors' Pension for the Year Ended 31 March 2009 (audited)

	Age at 31 March 2009 Years	Accrued pension as at 31 March 2009 ^(a) £	Increase in accrued pension benefits £	Increase in accrued pension net of inflation ^(b) £	Transfer value as at 31 March 2009 ^(c) £	Transfer value as at 31 March 2008 £	Increase in transfer value less Directors' contributions ^(d) £	Transfer value at 31 March 2009 of the increase in accrued pension net of inflation less directors' contributions ^(d) £
S Boddie	49	14,700	4,360	4,401	222,000	125,000	86,416	53,416
I Mason	47	38,253	4,167	4,303	596,000	421,000	164,416	51,416

^(a) The accrued pension benefits shown are the amounts which would be paid annually on retirement at normal retirement age, based on service to the end of the year.

^(b) RPI inflation for the year to March 2009 was -0.4%. Negative inflation results in the increase in accrued benefit net of inflation being higher than the increase in accrued benefit.

^(c) Transfer values at 31 March 2009 have been calculated on the Scheme's transfer value basis, in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

^(d) The transfer value calculations include the effect of fluctuations in the transfer value due to factors beyond the control of the Company and Directors, such as financial market movements. The increase in transfer value and the transfer value of the increase in accrued pension net of inflation are shown after deducting the Directors' contributions.

Other Benefits

All Executive Directors are provided with a company mobile phone, a company car (or a cash allowance) and medical insurance. The taxable value of these benefits is included in the Directors' emoluments table on page 32.

Service Agreements (not subject to audit)

All current Executive Directors have service agreements that are on a 12 month rolling basis. These agreements provide for 12 months' notice by the Company and by the Executive Directors.

Termination payments are limited to the Directors' normal compensation, including basic salary, annual incentives and benefits for the unexpired portion of the notice period subject to performance and Remuneration Committee discretion. The Committee will aim to minimise the level of payments to that Director, however, having regard to all circumstances, including the Company's contractual obligations to the Director, the reason for the departure, and the Company's policy to apply mitigation in the case of severance.

The Company entered into an updated service agreement with Ian Mason on 1 March 2001. This agreement replaced all prior arrangements. The Company entered into a service agreement with Simon Boddie on 25 May 2005.

Letters of appointment are provided to the Chairman and Non-Executive directors providing for an initial three year term. The Chairman's letter of appointment provides for a six month notice period and the Non-Executive directors a three month notice period.

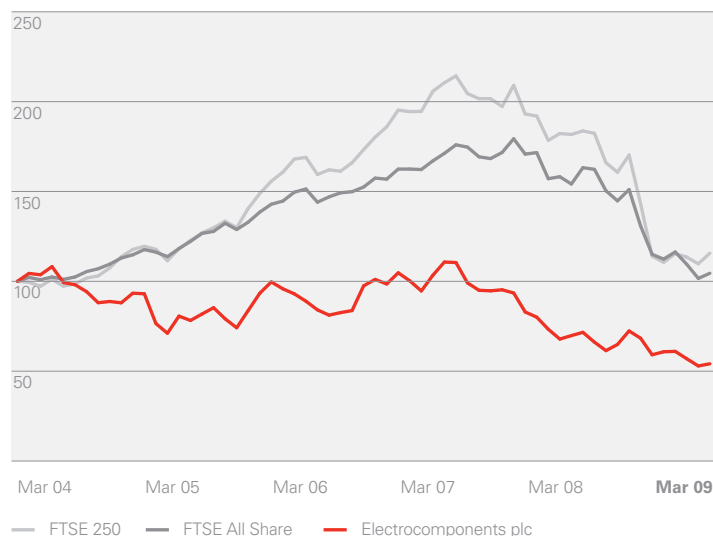
External Appointments (not subject to audit)

Executive Directors are permitted to take up one non-executive position on the boards of other companies, subject to the prior approval of the Board. The Executive Director may retain any fees payable in relation to such appointment. During the financial year, Ian Mason was a Non-Executive director of Sage Group plc, and will retain the fees paid in relation to this appointment. The fee payable is £55,000 per annum.

Performance Review (not subject to audit)

The following graph shows the five year TSR performance of the Company relative to the FTSE All Share and the FTSE 250 Index. The FTSE All Share is a broad equity market index of which Electrocomponents is a member and the Company is measuring its TSR performance versus the FTSE 250 for the purposes of the LTIP and has therefore included this as a relevant index.

Total Shareholder Return (value of £100 invested on 31 March 2004)



REMUNERATION REPORT *continued*

Directors' Remuneration for the Year Ended 31 March 2009 (audited) Salary, Annual Bonus and Other Benefits

	Salary 2009 £	Salary 2008 £	Annual Allowance in lieu of pension 2009 £	Annual Allowance in lieu of pension 2008 £	Benefits 2009 £	Benefits 2008 £	Bonus 2009 £	Bonus 2008 £	Total 2009 £	Total 2008 £
Emoluments of the Chairman										
H Mamsch	189,167	180,000	–	–	–	–	–	–	189,167	180,000
Emoluments of Executive Directors										
S Boddie ^(a)	356,258	349,950	89,226	87,302	12,793	12,416	–	152,320	458,277	601,988
I Mason ^(a)	538,393	524,117	96,722	94,327	19,803	19,803	–	228,480	654,918	866,727
TOTALS	1,083,818	1,054,067	185,948	181,629	32,596	32,219	–	380,800	1,302,362	1,648,715
Fees of Non-Executive Directors										
L Atkinson ^(b)									52,292	50,000
T G Barker ^(b)									52,292	50,000
K Hamill									13,958	40,000
P Hollingworth									38,958	–
R C Soames									42,292	28,667
TOTALS									1,502,154	1,817,382

^(a) The salary figures for Simon Boddie and Ian Mason for 2009 are given after salary sacrifice had been deducted. The amounts deducted were £9,242 for Simon Boddie and £9,417 for Ian Mason, bringing their total salaries before salary sacrifice to £365,500 and £547,810 respectively.

^(b) Leslie Atkinson, as Chairman of the Remuneration Committee and Tim Barker as Chairman of the Audit Committee, each receive an additional fee of £10,000 per annum.

No compensation for loss of office was paid during the year ended 31 March 2009.

Share Options (audited)

Scheme	Date of Grant	Vesting Date	Expiration Date	Exercise Price	Shares under option 1 April 2008	Granted in FY09	Exercised in FY09	Lapsed in FY09	Shares	
									under option 31 March 2009	
S Boddie Savings Related	04-Jul-06	01-Sep-09	28-Feb-10	196.00p	2,862	–	–	–	2,862	
	03-Jul-07	01-Sep-10	28-Feb-11	241.00p	1,568	–	–	–	1,568	
	Long Term Incentive Option Plan ^(a)	13-Jun-05	12-Jun-08	12-Jun-15	251.00p	400,000	–	–	–	400,000
	Total					404,430	–	–	–	404,430
I Mason Savings Related	28-Jun-03	01-Sep-08	28-Feb-09	260.00p	6,125	–	–	6,125	–	
	Long Term Incentive Option Plan ^(a)	22-Aug-02	21-Aug-05	21-Aug-12	312.00p	552,300	–	–	552,300	–
		16-Jun-03	15-Jun-06	15-Jun-13	349.00p	545,272	–	–	545,272	–
		11-Jun-04	10-Jun-07	10-Jun-14	365.00p	525,000	–	–	–	525,000
		13-Jun-05	12-Jun-08	12-Jun-15	251.00p	550,000	–	–	–	550,000
Total					2,178,697	–	–	1,103,697	1,075,000	

^(a) Awards made under the Long Term Incentive Option Plan. These are subject to a performance condition based on TSR, with no options vesting unless TSR performance is above the median for the selected comparator group, and full vesting only occurring if Electrocomponents is first out of the 14 in that group in terms of TSR. The Committee chose TSR because it felt it was the measure most closely aligned to shareholders' interests.

TSR performance is measured over a minimum period of three years from the date of grant but, if the target is not met at all, the period is extended to four, and then five years from a fixed base. Once the target has been met in part, however, performance is not subsequently retested and the unvested part of the option lapses. If the target has not been met at all at the end of five years, the option lapses.

For performance at or below median, no part of the option will vest. 25% of the option will vest for performance of one position above the median with full vesting if the Company is ranked first in the comparator group selected. Between those two levels, the option will vest on a sliding scale.

Share Awards (audited)

	Notes	Scheme	Date of Award	Shares awarded at 1 April 2008	Shares awarded in FY09	Vested in FY09	Lapsed in FY09	Shares awarded at 31 March 2009
S Boddie	(a)	Executive Incentive Plan	1-Feb-06	400,000	–	–	–	400,000
	(b)	Long Term Incentive Plan	14-Jun-06	100,000	–	–	–	100,000
			22-Jun-07	110,000	–	–	–	110,000
			9-Jul-08	–	110,000	–	–	110,000
			Total	610,000	110,000	–	–	720,000
I Mason	(a)	Executive Incentive Plan	1-Feb-06	800,000	–	–	–	800,000
	(b)	Long Term Incentive Plan	14-Jun-06	200,000	–	–	–	200,000
			22-Jun-07	220,000	–	–	–	220,000
			9-Jul-08	–	220,000	–	–	220,000
			Total	1,220,000	220,000	–	–	1,440,000

^(a) On 29 May 2009 the shares awarded under the EIP lapsed in their entirety, no element of the Award having vested.

^(b) Awards made under the Long Term Incentive Plan are subject to performance conditions and a vesting period set out on page 29.

The closing mid-market price of the Company's shares on 31 March 2009 was 125.25p. During the year, the price of the Company's shares varied between 205.5p and 117.5p. The mid-market price of the Company's shares on 2 July 2008, being the date the Savings Related Options were granted was 141.0p. The mid-market price of the Company's shares on 9 July 2008, being the date the Long Term Incentive Plan awards were made, was 146.5p.

By Order of the Board

Leslie Atkinson

Chairman of the Remuneration Committee
29 May 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibility

The Directors are responsible for preparing the Annual Report and the Group and Parent Company accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company accounts for each financial year. Under that law they are required to prepare the Group accounts in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group accounts are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such accounts that references in the relevant part of that Act to accounts giving a true and fair view are references to their achieving a fair presentation.

The Parent Company accounts are required by law to give a true and fair view of the state of affairs of the Parent Company.

In preparing each of the Group and Parent Company accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- For the Group accounts, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- For the Parent Company accounts, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Group and the Parent 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 Parent Company and enable them to ensure that its accounts 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

- The accounts, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Directors' report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Ian Mason,
Group Chief Executive
29 May 2009

Simon Boddie,
Group Finance Director

The report and accounts contain certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements including, without limitation, statements regarding the future financial positions, strategy, projected costs, plans and objectives for the managements of future operations of Electrocomponents plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as 'intends', 'expects', 'anticipates', 'estimates' and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Electrocomponents plc believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, which may be beyond the control of Electrocomponents plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be listed, Electrocomponents plc has no intentions or obligations to update forward-looking statements contained herein.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTROCOMPONENTS PLC

We have audited the Group and Parent Company accounts (the "accounts") of Electrocomponents plc for the year ended 31 March 2009 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Recognised Income and Expense and the related notes. These accounts have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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 Annual Report and the Group accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Parent Company accounts and the Directors' Remuneration Report 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 34.

Our responsibility is to audit the accounts and the part of the Directors' Remuneration Report to be audited 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 accounts give a true and fair view and whether the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group accounts, Article 4 of the IAS Regulation.

We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. The information given in the Directors' Report includes that specific information presented in the Business Review section of the Directors' Report.

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 review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not.

We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

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 accounts and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's and 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 accounts and the part of the Directors' Remuneration Report to be audited 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 accounts and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group accounts give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2009 and of its profit for the year then ended;
- the Group accounts have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company accounts give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 March 2009;
- the Parent Company accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB
29 May 2009

GROUP INCOME STATEMENT

For the year ended 31 March 2009

	Note	2009 £m	2008 £m
Revenue	2	974.6	924.8
Cost of sales		(492.5)	(460.1)
Gross profit		482.1	464.7
Distribution and marketing expenses		(370.0)	(354.6)
Administrative expenses		(8.6)	(7.4)
Operating profit		103.5	102.7
Pension changes/reorganisation (income) cost		(9.9)	1.0
Headline operating profit		93.6	103.7
Financial income			
Bank interest receivable		4.2	8.9
Other interest receivable		0.6	0.6
Financial expenses			
Bank interest payable		(11.6)	(16.7)
Other interest payable		(0.2)	(0.1)
Profit before tax	1,2,3	96.5	95.4
Headline profit before tax		86.6	96.4
Income tax expense	8	(30.3)	(31.5)
Profit for the year attributable to the equity shareholders of the parent company		66.2	63.9
Earnings per share			
Basic	10	15.2p	14.7p
Diluted	10	15.2p	14.6p
Dividends			
Amounts recognised in the period			
Final dividend for the year ended 31 March 2008	9	12.6p	12.6p
Interim dividend for the year ended 31 March 2009	9	5.0p	5.8p
		17.6p	18.4p

A final dividend of 6.0p per share relating to the year has been proposed since the year end.

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 March 2009

	Note	2009 £m	2008 £m
Foreign exchange translation differences		34.8	2.1
Actuarial (loss) gain on defined benefit pension schemes	7	(4.4)	5.2
(Loss) on cash flow hedges		(0.4)	(11.8)
Tax on items taken directly to equity		(1.1)	2.0
Net gain (loss) recognised directly in equity		28.9	(2.5)
Profit for the year		66.2	63.9
Total recognised income and expense for the year attributable to the equity shareholders		95.1	61.4

The notes on pages 43 to 70 form part of these Group accounts.

GROUP BALANCE SHEET
As at 31 March 2009

	Note	2009 £m	2008 £m
Non-current assets			
Intangible assets	11	234.6	188.6
Property, plant and equipment	12	121.4	114.9
Investments	14	0.5	0.4
Other receivables	17	3.3	2.9
Deferred tax assets	21	10.7	14.7
		370.5	321.5
Current assets			
Inventories	16	180.8	161.1
Trade and other receivables	17	167.0	173.0
Income tax receivables		1.1	1.3
Cash and cash equivalents		2.0	28.4
		350.9	363.8
Current liabilities			
Trade and other payables	18	(140.9)	(143.7)
Loans and borrowings	19	(4.0)	(7.1)
Income tax liabilities		(15.2)	(17.5)
		(160.1)	(168.3)
Net current assets		190.8	195.5
Total assets less current liabilities		561.3	517.0
Non-current liabilities			
Other payables	18	(9.1)	(8.4)
Retirement benefit obligations	7	(16.9)	(30.0)
Loans and borrowings	19	(201.2)	(172.4)
Deferred tax liabilities	21	(31.3)	(24.4)
		(258.5)	(235.2)
Net assets		302.8	281.8
Equity			
Called-up share capital	24	43.5	43.5
Share premium account	26	38.7	38.7
Retained earnings	25	192.5	205.0
Cumulative translation reserve	25	36.7	3.9
Other reserves	26	(8.6)	(9.3)
Equity attributable to the equity shareholders of the parent company		302.8	281.8

These Group accounts were approved by the Board of Directors on 29 May 2009 and signed on its behalf by:

Simon Boddie
Group Finance Director

The notes on pages 43 to 70 form part of these Group accounts.

GROUP CASH FLOW STATEMENT
For the year ended 31 March 2009

	Note	2009 £m	2008 £m
Cash flows from operating activities			
Profit before tax		96.5	95.4
Depreciation and other amortisation		27.3	26.7
Equity-settled transactions		1.2	1.1
Finance income and expense		7.0	7.3
Non-cash movement on investment in associate		(0.1)	–
Non-recurring non-cash pension changes	4	(16.7)	–
Operating cash flow before changes in working capital, interest and taxes		115.2	130.5
Decrease in inventories		3.4	7.4
Decrease in trade and other receivables		28.0	0.5
(Decrease) in trade and other payables		(25.2)	(15.3)
Cash generated from operations		121.4	123.1
Interest received		4.8	9.5
Interest paid		(13.5)	(15.4)
Income tax paid		(22.9)	(22.8)
Net cash from operating activities		89.8	94.4
Cash flows from investing activities			
Capital expenditure and financial investment		(12.1)	(19.4)
Proceeds from sale of property, plant and equipment		0.3	–
Net cash used in investing activities		(11.8)	(19.4)
Free cash flow		78.0	75.0
Cash flows from financing activities			
Proceeds from the issue of share capital		–	–
New bank loans		143.1	92.0
Loans repaid		(171.0)	(77.1)
Equity dividends paid	9	(76.6)	(80.0)
Net cash used in financing activities		(104.5)	(65.1)
Net (decrease) increase in cash and cash equivalents		(26.5)	9.9
Cash and cash equivalents at the beginning of the year		27.2	17.2
Effect of exchange rate fluctuation on cash		0.1	0.1
Cash and cash equivalents at the end of the year	28	0.8	27.2

The notes on pages 43 to 70 form part of these Group accounts.

GROUP SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Electrocomponents plc (the 'Company') is a company domiciled in England. The Group Accounts for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in a jointly controlled entity. Subsidiaries are entities controlled by the Company. All subsidiary accounts are made up to 31 March and are included in the Group Accounts. Further to the IAS Regulation (EC 1606/2002) the Group Accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU ('adopted IFRS'). The Company Accounts continue to be prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') and details of the Company Accounts, notes to the accounts and principal accounting policies are set out on pages 71 to 80.

The accounts were authorised for issue by the Directors on 29 May 2009.

Basis of preparation

The accounts are presented in £ Sterling and rounded to £0.1m. They are prepared on a going concern basis (as referred to in the Directors' report on page 22) and on the historical cost basis except certain financial instruments detailed below.

The preparation of accounts in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable, under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgements

The preparation of accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made in the accounts for the year ended 31 March 2009 are:

Pensions: the key assumptions and estimates relate to discount rates, inflation rates and increases to salaries and pensions in payment. These are explained in more detail in note 7.

Goodwill: the Group's goodwill principally relates to the acquisition of Allied Electronics Inc. in July 1999. The key assumptions used to determine the recoverable amount of goodwill relate to future operating performance, cash flows and discount rates. These are set out in note 11.

Statement of compliance

The Group Accounts have been prepared in accordance with International Financial Report Standards ('IFRS') as adopted for use by the EU.

Adjusted measures

Profit measures such as operating profit, profit before tax and earnings per share are also presented as being results before pension changes/reorganisation income (costs) or as headline results. Similarly a cash flow term: free cash flow, representing the Group's cash flow before financing activities is also disclosed.

These measures are used by the Group for internal reporting purposes and employee incentive arrangements. The terms 'pension changes/reorganisation', 'headline' and 'free cash flow' are not defined terms under IFRS and may not be comparable with similar measures disclosed by other companies. Likewise, these measures are not a substitute for GAAP measures of profit or cash flow.

Revenue

Revenue from the sale of goods is recognised in the income statement on dispatch when the significant risks and rewards of ownership have been transferred. Revenue represents the sale of goods and services and is stated net of sales taxes and volume discounts. Freight recharged to customers is included within revenue.

Transactions eliminated on consolidation

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing Group Accounts. Unrealised gains arising from transactions with the jointly controlled entity are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains.

Goodwill and other intangibles

Goodwill arising on all acquisitions prior to 31 March 1998 has been written off against reserves. Goodwill arising on acquisitions after 1 April 1998 has been capitalised and, under UK GAAP, was amortised on a straight-line basis over its estimated useful life, with a maximum of 20 years.

The Group has made the elective exemption under IFRS 1 that allows goodwill in respect of acquisitions made prior to 1 April 2004 to remain as stated under UK GAAP. The balance of goodwill as at 1 April 2004 is deemed to be the cost going forward. Goodwill is not amortised under IFRS. Instead the carrying value is reviewed annually for impairment.

Other intangible assets are stated at cost less accumulated amortisation. The cost of acquired intangible assets are their purchase cost together with any incidental costs of acquisition. Amortisation is calculated to write off the cost of the asset on a straight-line basis at the following annual rates:

Trademarks 5%

Computer software costs 12.5%-50%

Amortisation is disclosed in distribution and marketing expenses in the income statement. The residual value, if significant, is reassessed annually. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Investments in jointly controlled entities

The Group accounts include the Group's share of the total recognised gains and losses in one jointly controlled entity on an equity accounted basis.

Property, plant and equipment

Tangible assets are stated at cost less accumulated depreciation. The cost of self constructed assets includes the cost of materials, direct labour and certain direct overheads.

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Each finance leased asset is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation.

GROUP SIGNIFICANT ACCOUNTING POLICIES

continued

No depreciation has been charged on freehold land. Other assets have been depreciated to residual value, on a straight-line basis at the following annual rates:

Freehold and leasehold buildings 2%
Plant and machinery 10%-20%
Mainframe computer equipment 20%
Network computer equipment 33%
Portable computers 50%
Other office equipment 20%

Depreciation is disclosed in distribution and marketing expenses in the income statement. The residual value, if significant, is reassessed annually.

Impairment

The carrying amounts of the Group's goodwill are reviewed annually to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount is calculated as the higher of fair value less cost of sale and value in use. The present value of estimated future cash flows is calculated using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Inventories

Inventories are valued at the lower of cost and net realisable value. This cost is calculated on a weighted average basis. Work in progress and goods for resale include attributable overheads.

Trade and other receivables

Trade and other receivables are initially measured on the basis of their fair value. Subsequently they are carried at amortised cost using the effective interest rate method.

Net debt

Net debt comprises cash and cash equivalents less borrowings. Cash and cash equivalents comprises cash in hand and held with qualifying financial institutions in current accounts or overnight deposits net of overdrafts with qualifying financial institutions. Cash and cash equivalents include government securities, investment in money market funds and term deposits with qualifying financial institutions. Borrowings represent term loans from qualifying financial institutions together with financial instruments classified as liabilities.

Operating expense classification

Cost of sales comprises the cost of goods delivered to customers.

Distribution and marketing expenses include all operating company expenses, including freight costs and movements in inventory provisions, together with the Supply Chain, Product Management, Media Publishing, Facilities, Information Systems, Electronics and e-Commerce process expenses.

Administration expenses comprise Finance, Legal and Human Resources Process expenses, together with the expenses of the Group Board.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, foreign exchange gains and losses and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expenses component of finance lease payments is recognised in the income statement using the effective interest rate method.

Borrowing cost

Borrowing costs are recognised in the income statement as incurred.

Catalogue costs

The costs associated with the production and printing of catalogues are expensed to the income statement when incurred. Major investments in new catalogue production systems are capitalised as intangible assets and written off over the period during which the benefits of those investments are anticipated, such period not to exceed three years.

Operating leases

Operating lease rentals are charged to the income statement on a straight-line basis over the course of the lease period. The benefits of rent free periods and similar incentives are credited to the income statement on a straight-line basis over the full lease term.

Government grants

Government grants related to expenditure on property, plant and equipment are credited to the income statement at the same rate as the depreciation on the asset to which the grants relate. The unamortised balance of capital grants is included within trade and other payables.

Employee benefits

Pension costs

In the United Kingdom the Group operates a pension scheme providing benefits based on final pensionable pay for eligible employees who joined on or before 1 April 2004. The scheme is administered by a corporate trustee and the funds are independent of the Group's finances. In addition there are defined benefit pension schemes in Germany and Ireland.

For UK employees who joined after 1 April 2004 the Group provides a defined contribution pension scheme. There are also defined contribution schemes in Australia and North America and government schemes in France, Italy, Denmark and North Asia. Obligations for contributions to defined contribution schemes are recognised as an expense in the income statement as incurred.

The cost of the defined benefit scheme charged to the income statement comprises: current service cost, past service cost, expected return on scheme assets and the interest cost on the expected amount of unwinding of the discount on plan liabilities within administrative expenses and distribution and marketing expenses. The Group has elected to adopt the amendment to IAS 19 (revised), which allows actuarial gains and losses to be recorded in the Statement of Recognised Income and Expense immediately.

Obligations are measured at present value using the projected unit credit method and a discount rate reflecting yields on high quality corporate bonds. Assets are measured at their fair value at the balance sheet date.

Share-based payment transactions

The Group operates several share-based payment schemes, the largest of which are the Savings Related Share Option Scheme (SAYE), A US s423 scheme (US employees only), the Long Term Incentive Option Plan (LTIOIP), the Long Term Incentive Plan (LTIP) and the Executive Incentive Plan (EIP). Details of these are provided in note 6 to the Group accounts.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity and spread over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model. The income statement charge is then adjusted to reflect expected and actual levels of vesting based on non market performance related criteria.

Administrative expenses and distribution and marketing expenses include the cost of the share-based payment schemes and the Group balance sheet includes the assets and liabilities of the schemes. Shares in the Company, held by the trust established to administer the schemes, are shown within reserves.

The Group has chosen to adopt the exemption whereby IFRS 2, Share-Based Payment, is applied only to awards made after 7 November 2002.

Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be utilised.

Foreign currency

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Net investment in foreign operations

Exchange differences arising from this translation of foreign operations, and of related qualifying hedges are taken directly to equity. They are released into the income statement upon disposal.

The elective exemption in IFRS 1 means that any translation differences prior to the date of transition (1 April 2004) do not need to be analysed retrospectively and so the deemed cumulative translation differences at this date can be set to nil. Thus, any cumulative translation differences arising prior to the date of transition are

excluded from any future profit or loss on disposal of any entities. The Group adopted this exemption.

Foreign currency transactions

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Financial instruments

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. It principally employs forward foreign exchange contracts to hedge against changes in exchange rates over the catalogue periods of the majority of its operating companies. In addition there are also a small number of interest rate swaps which swap certain fixed rate loans into floating rate.

In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes.

Certain derivative financial instruments are designated as hedges in line with the Group's risk management policies. Hedges are classified as follows:

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability.
- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction.
- Net investment hedges when they hedge the exposure to changes in the value of the Group's interests in the net assets of foreign operations.

All the Group's derivatives are initially and in subsequent periods recognised in the balance sheet at fair value. Changes in the fair value of derivative financial instruments that do not qualify for cash flow or net investment hedge accounting are recognised in the income statement as they arise.

Cash flow hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the income statement. When the forecast transaction subsequently results in the recognition of a non-financial asset or liability the associated cumulative gain or loss is removed from equity and included in the initial cost of the non-financial asset or liability. When the forecast transaction subsequently results in the recognition of a financial asset or liability, the associated cumulative gain or loss that was recognised directly in equity is reclassified into the income statement in the same period during which the asset acquired or liability assumed affects the income statement.

GROUP SIGNIFICANT ACCOUNTING POLICIES

continued

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

The fair value of forward foreign exchange contracts is the difference between their discounted contractual forward price and their current forward price.

Fair value hedge accounting

The Group uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities, holding a small number of interest rate swaps which swap certain fixed rate loans into floating rate.

The fair value of the interest rate swaps is the market value of the swap at the balance sheet date, taking into account current interest rates.

All loans due within more than one year not accounted for under fair value hedge accounting are held at amortised cost, which approximates to fair value as interest repricing takes place on a regular basis.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement.

Changes in accounting policies

The following standard and changes to existing standards and interpretations that have been enacted, and have an impact on these accounts are:

- IFRIC 13 'Customer loyalty programmes'. This has no material impact on the Group accounts.

The following standard and changes to existing standards and interpretations that have been endorsed, but the Group has decided not to early adopt are:

- IFRS 8 'Operating Segments' is applicable for years commencing on or after 1 January 2009. The new standard replaces IAS 14 (Segment Reporting) and requires an entity to report segment information on the same basis as that reported to management for decision making purposes. The adoption of this standard will impact on the Group's segmental disclosures.

- IAS 1 (Presentation of Financial Statements – Revised), effective for accounting periods beginning on or after 1 January 2009. The revised standard aims to enhance the usefulness of information presented in the financial statements including the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with 'other comprehensive income'. The adoption of the revised standard will not affect the results or net assets of the Group as it is only concerned with presentation and disclosures.
- IFRS 2 (amendment) 'Share based payments' deals with vesting conditions and cancellations. The Group will apply IFRS 2 (amendment) from 1 April 2009. It is not expected to have a material impact on the Group's current financial statements.
- IFRIC 14 'IAS 19 – The limit on defined benefit asset, minimum funding requirements and their interaction'. If the interpretation was applied to the current reporting period, there would be no material impact on the Income Statement or Retained Earnings at the year end.

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 March 2009

1 Analysis of income and expenditure

This analysis reconciles the Income Statement presentation to the segmental analysis shown in note 2.

	2009 £m	2008 £m
Revenue	974.6	924.8
Cost of sales	(492.5)	(460.1)
Distribution and marketing expenses	(281.9)	(261.5)
Contribution before Process costs	200.2	203.2
Distribution and marketing expenses within Process costs	(96.8)	(92.1)
Administrative expenses	(9.8)	(7.4)
Group Process costs	(106.6)	(99.5)
Headline operating profit	93.6	103.7
Net financial expense	(7.0)	(7.3)
Headline profit before tax	86.6	96.4
Pension changes/reorganisation income (costs)		
Distribution and marketing expenses	8.7	(1.0)
Administrative expenses	1.2	–
Profit before tax	96.5	95.4

2 Segmental analysis

For management purposes, the Group is managed in regions – United Kingdom, Continental Europe, North America and Asia Pacific. Continental Europe comprises trading operations in France, Germany, Italy, Austria, Denmark, Norway, Sweden, Republic of Ireland, Spain, The Netherlands and Belgium. Asia Pacific comprises trading operations in Japan, Australia, Chile, India, New Zealand, Singapore, Malaysia, South Africa, Phillipines, Thailand, Hong Kong and China. North America comprises trading operations in the United States of America and Canada. These regions are the basis on which the Group reports its primary segment information. The Group has only one type of business and does not have separately identifiable business segments, no secondary segment information is therefore given.

Intersegment pricing is determined on an arms' length basis, comprising of sales of product at cost and a handling charge included within Distribution and Marketing expenses.

		2009 £m	2008 £m
By geographical destination			
Revenue:	United Kingdom	323.9	342.6
	Continental Europe	350.4	320.6
	North America	185.2	161.7
	Asia Pacific	115.1	99.9
		974.6	924.8

		2009		2008		
		Total sales £m	Inter-segment sales £m	Total sales £m	Inter-segment sales £m	Revenue £m
By geographical origin						
Revenue:	United Kingdom	469.1	(129.8)	493.3	(135.3)	358.0
	Continental Europe	374.6	(27.9)	332.2	(16.0)	316.2
	North America	190.2	(3.6)	165.9	(2.6)	163.3
	Asia Pacific	103.8	(1.8)	90.4	(3.1)	87.3
		1,137.7	(163.1)	1,081.8	(157.0)	924.8

NOTES TO THE GROUP ACCOUNTS
continued

2 Segmental analysis continued

	2009 £m	2008 £m
Profit before tax: United Kingdom	93.1	100.9
Continental Europe	75.9	71.0
North America	24.3	22.0
Asia Pacific	6.9	9.3
Contribution before Process costs	200.2	203.2
Groupwide Process costs	(106.6)	(99.5)
Net financial expense	(7.0)	(7.3)
Headline profit before tax	86.6	96.4
Pension changes/Reorganisation income (costs)	9.9	(1.0)
	96.5	95.4

	2009 £m	2008 £m
By geographical location		
Total assets: United Kingdom	230.0	241.5
Continental Europe	151.5	151.2
North America	266.7	198.2
Asia Pacific	59.4	50.0
Total assets	707.6	640.9
Unallocated assets		
cash at bank and in hand	2.0	28.4
deferred tax asset	10.7	14.7
income tax asset	1.1	1.3
	721.4	685.3

	2009 £m	2008 £m
Total liabilities: United Kingdom	80.2	103.1
Continental Europe	58.4	56.9
North America	10.6	10.3
Asia Pacific	17.7	11.8
Total liabilities	166.9	182.1
Unallocated liabilities		
income tax	15.2	17.5
deferred tax liability	31.3	24.4
loans and overdrafts	205.2	179.5
	418.6	403.5

	2009 £m	2008 £m
Capital expenditure: United Kingdom	11.8	13.2
Continental Europe	1.5	1.3
North America	0.6	3.5
Asia Pacific	1.0	1.1
	14.9	19.1

2 Segmental analysis continued

		2009 £m	2008 £m
Depreciation and amortisation:	United Kingdom	19.7	19.2
	Continental Europe	3.9	4.0
	North America	1.9	1.3
	Asia Pacific	1.8	2.2
		27.3	26.7

		2009 £m	2008 £m
Significant non-cash (credit) expenses:	United Kingdom	(15.9)	0.7
	Continental Europe	0.2	0.2
	North America	0.1	0.1
	Asia Pacific	0.1	0.1
		(15.5)	1.1

3 Profit before tax

		2009 £m	2008 £m
Profit before tax is stated after charging (crediting):			
Remuneration of the auditors and their associates:			
Group audit fee		0.3	0.3
The audit of subsidiaries pursuant to legislation		0.5	0.4
Other services pursuant to legislation		–	–
Taxation		0.1	0.1
Depreciation		13.1	13.2
Amortisation of intangibles		14.2	13.5
Amortisation of government grants		(0.2)	(0.2)
Loss on disposal of property, plant and equipment		0.7	0.7
Hire of plant and machinery		3.4	3.5

NOTES TO THE GROUP ACCOUNTS

continued

4 Pension changes/reorganisation (income) costs

Pension changes/reorganisation (income) costs arising in the year are as follows:

	2009 £m	2008 £m
Redundancy costs	6.6	0.9
Pension scheme changes and curtailment	(16.7)	–
Other initiatives	0.2	0.1
	(9.9)	1.0

The (income) costs are disclosed within the income statement as follows:

	2009 £m	2008 £m
Distribution and marketing	(8.7)	1.0
Administrative expenses	(1.2)	–
	(9.9)	1.0

The one-off net income, below headline profit, of £9.9m comprised: income due to the accounting benefits of the changes made to the UK defined benefit pension scheme in June 2008 of £17.5m, £6.8m costs associated with reorganisation activities across the Group and £0.8m UK defined benefit pension scheme costs due to these reorganisation activities. Further details of the items included in pension changes and reorganisation (income) costs are included within the Business Review.

5 Employees

Numbers employed	2009	2008
The average number of employees during the year was:		
Management and administration	294	282
Distribution and marketing	5,731	5,808
	6,025	6,090

Of these staff 2,601 were employed in the United Kingdom (2008: 2,643)

Aggregate employment costs	£m	£m
Wages and salaries	156.8	144.6
Social security costs	18.0	16.3
Equity-settled transactions	1.2	1.1
Pension costs	11.6	10.0
	187.6	172.0

The remuneration of individual Directors is detailed on page 32.

In addition to the pension costs above there was a net credit of £16.7m below headline operating profit due to changes to the United Kingdom defined benefit scheme. Details of this are provided within note 4 to the Group accounts.

6 Share-based payments

The Group has a number of share-based incentive plans for employees. These comprise an Executive Incentive Plan (EIP) awarded to the Group's most senior executives, a Long Term Incentive Plan (LTIP) awarded to senior managers and employees, a Save As You Earn (SAYE) scheme that is made available to the majority of employees and a US s423 option scheme that is offered to all permanent employees in the US operating company. In addition there was a Long Term Incentive Option Plan (LTIO) which operated until 2005, awarding options to senior managers.

The LTIO and SAYE schemes were in operation before 7 November 2002 in addition to a pre-existing Long Term Incentive Plan. The recognition and measurement principles in IFRS 2 have only been applied to grants made, under all these schemes, after 7 November 2002 in accordance with the transitional provisions in IFRS 1 and IFRS 2.

6 Share-based payments continued

Executive Incentive Plan (EIP)

The EIP scheme is a one-off conditional award on 1 February 2006 of shares to the 12 most senior executives in the Group to be delivered following the financial year ended 31 March 2009. The number of shares to be awarded was dependent on the performance of the Group during the year ended 31 March 2009 varying between 0 and 2,700,000. The awards included a right to receive dividend equivalents on vesting. During 2007 further options for new senior executives totalling 221,000 options were granted. The fair value of the EIP options was calculated using a Black-Scholes model based on the assumptions below.

No further share options were issued during the year ended 31 March 2009. At 29 May 2009 all share options relating to the EIP scheme lapsed.

	EIP 2007	EIP 2006
Fair value at grant date	280p	300p
Assumptions used		
Share price	280p	300p
Expected volatility	22.4%	39.7%
Expected option life	1.75 years	3.25 years
Risk free interest rate	5.5%	4.4%

Volatility was estimated based on the historical volatility of the shares over a three year and two year period respectively up to the date of grant.

Long Term Incentive Option Plan (LTIO) and Long Term Incentive Plan (LTIP)

The LTIO schemes were awarded to key senior employees at a grant price equal to the Group's share price. The vesting conditions include a continuation of service, a minimum of three years, and the performance of the Group's shares against a comparator group. The share price is tested against this group after three years and can be retested after four and five years if the options have not vested. The proportion of the options vesting is also dependent on the comparative share performance. The share options can be exercised up to 10 years after the grant date. Any options remaining unexercised after 10 years from the date of grant will expire.

In June 2006 a new Executive Plan (the Long Term Incentive Plan 'LTIP') conditional award of shares was made. The vesting conditions are based on Total Shareholder Return ('TSR') performance of the Group versus the FTSE 250 over the three year life of the scheme. At the vesting date the share award will either vest or lapse. The awards include a right to receive dividend equivalents on vesting. In June 2007 a further conditional award of shares was made. In June 2008 the terms and conditions of the LTIP were modified such that the vesting conditions are based on both the performance of the TSR of the Group versus the FTSE 250 and growth of the Group's nominal Earnings per Share. Further details are provided in the Remuneration Committee report on page 29.

The fair value of the LTIO and LTIP options was calculated at the grant date using a Monte Carlo model based on the assumptions below.

	LTIP 2008	LTIP 2007	LTIP 2006	LTIO 2005	LTIO 2004
Options granted	1,594,600	1,529,127	1,542,118	5,264,667	4,959,435
Fair value at grant date	54.0p	106.0p	111.0p	35.6p	78.6p
Assumptions used					
Share price	147p	280p	237p	249p	369p
Exercise price	Nil	Nil	Nil	251p	365p
Expected volatility	27.2%	22.9%	24.9%	34.9%	39.7%
Expected option life	3 years	3 years	3 years	7 years	7 years
Expected dividend yield	9.1%	6.8%	7.0%	6.2%	4.9%
Risk free interest rate	4.9%	5.5%	4.7%	4.1%	5.0%

Volatility was estimated based on the historical volatility of the shares over a three year period up to the date of grant.

Save As You Earn (SAYE) schemes

The SAYE schemes are available to the majority of employees of the Group. They provide an option price equal to the daily average market price at the date of the offer less 20%. (The French scheme may be offered at a different rate to ensure compliance with French regulations.) The option exercise conditions are the employees' continued employment for the three or five year period and the maintenance of employees' regular monthly savings in an account. Failure of either of these conditions is deemed a forfeiture of the option. At the end of the period the employee has six months to either purchase the shares at the agreed price, or withdraw their savings with the accrued interest. There are no market conditions attached to the vesting of the options.

NOTES TO THE GROUP ACCOUNTS

continued

6 Share-based payments continued

	SAYE 3 yr 2008	SAYE 5 yr 2008	SAYE 3 yr 2007	SAYE 5 yr 2007	SAYE 3 yr 2006	SAYE 5 yr 2006	SAYE 3 yr 2005	SAYE 5 yr 2005	SAYE 5 yr 2004
Options granted	1,415,168	956,100	382,543	222,116	832,027	510,502	1,105,515	795,833	291,856
Fair value at grant date	18.2p	17.5p	38.1p	50.5p	42.7p	51.0p	55.2p	58.3p	126.8p
Assumptions used									
Share price	141p	141p	262p	262p	232p	232p	247p	247p	357p
Exercise price	131p	131p	241p	241p	196p	196p	212p	212p	283p
Expected volatility	27.2%	27.2%	22.9%	29.8%	26.9%	33.6%	34.8%	35.7%	38.4%
Expected option life	3 years	5 years	3 years	5 years	3 years	5 years	3 years	5 years	5 years
Expected dividend yield	9.0%	9.0%	6.7%	6.7%	7.1%	7.1%	6.3%	6.3%	4.9%
Risk free interest rate	5.1%	5.1%	5.5%	5.5%	4.8%	4.8%	4.1%	4.1%	5.0%

French awards have the following differences to the above awards:

Options granted	9,462	41,459	6,103	5,698	2,298	29,790	10,384	25,210	15,502
Fair value at date of grant	18.2p	17.5p	38.1p	50.5p	42.7p	51.0p	55.2p	58.3p	123.6p
Exercise price	131p	131p	241p	241p	196p	196p	212p	212p	292p

Volatility was estimated based on the historical volatility of the shares over a 3 or 5 year period, as appropriate, up to the date of grant.

US s423 scheme

The US s423 scheme is available to permanent employees of Allied Electronics Inc., the Group's US operating company. The options are granted to those who elect to participate and the scheme has a savings element similar to the SAYE scheme. At the end of one year up to 20% of the options can be exercised with the remainder exercisable after 2 years. The option price is the lesser of 85% of the market value of the shares on the date of grant and the date of exercise. There are no market conditions attached to the vesting of the options.

The fair value of the options was calculated at the grant date using a Black-Scholes model and the assumptions used are shown below.

	s423 2008	s423 2007	s423 2006
Options granted	20,657	4,203	12,370
Fair value at grant date	24.1p	41.4p	39.1p
Assumptions used			
Share price	141p	262p	232p
Exercise price	120p	228p	197p
Expected volatility	30.8%	22.4%	24.0%
Expected option life	2 years	2 years	2 years
Expected dividend yield	7.9%	6.7%	6.8%
Risk free interest rate	5.1%	5.5%	4.8%

Number and weighted average exercise prices of share options

	Weighted average exercise price 2009	Number of options 2009	Weighted average exercise price 2008	Number of options 2008
In thousands of options				
Outstanding at the beginning of the year	243p	23,205	264p	24,107
Forfeited during the year	314p	(1,896)	263p	(2,055)
Lapsed during the year	309p	(9,186)	275p	(1,193)
Exercised during the year	202p	(10)	227p	(25)
Granted during the year	79p	4,037	63p	2,371
Outstanding at the end of the year	155p	16,150	243p	23,205
Exercisable at the end of the year	233p	16	283p	20

Outstanding options include 590,300 options relating to schemes in operation before 7 November 2002.

The options outstanding at 31 March 2009 have an exercise price in the range 0p to 686p and a weighted average contractual life of 5.9 years.

6 Share-based payments continued

In thousands of options	2009	2008
Option prices		
£nil-£1.00	6,736	5,555
£1.00-£2.00	2,631	975
£2.00-£3.00	3,930	5,438
£3.00-£4.00	2,262	10,006
£4.00-£5.00	157	328
£5.00-£6.00	292	622
£6.00-£7.00	142	281
	16,150	23,205

Employee expenses

	2009 £m	2008 £m
Share options granted in 2004/05	–	0.1
Share options granted in 2005/06	–	(0.2)
Share options granted in 2006/07	0.5	0.6
Share options granted in 2007/08	0.5	0.6
Share options granted in 2008/09	0.2	–
Total expense recognised as employee costs	1.2	1.1

7 Pension schemes

The funding of the United Kingdom defined benefit scheme is assessed in accordance with the advice of independent actuaries. The pension costs for the year ended 31 March 2009 amounted to £3.2m (2008: £3.5m) excluding the one-off credit due to pension scheme changes and curtailments of £16.7m. The contributions paid by the Group to the defined contribution section of the scheme amounted to £2.6m (2008: £1.8m). The increase in contributions paid by the Group to the defined contribution scheme is largely attributable to the introduction of a salary sacrifice scheme whereby the company contributes in place of employees' contribution.

The rules of the UK Electrocomponents Group Pension scheme give the Trustee powers to wind up the scheme, which it may exercise if the Trustee is aware that the assets of the scheme are insufficient to meet its liabilities. Although the scheme is currently in deficit, the Trustee and the Company have agreed a plan to eliminate the deficit over time and the Trustee has confirmed that it has no current intention of exercising its power to wind up the scheme.

IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' which defines the interaction of the defined benefit assets and any minimum funding requirement will apply for future reporting periods. If the interpretation was applied to the current reporting period, there would be no material impact on the Income Statement or Retained Earnings at the year end.

In addition to the UK scheme outlined above there are certain pension benefits provided on a defined benefit basis in Germany and Ireland amounting to £1.3m (2008: £1.1m), defined contribution basis in Australia and North America amounting to £1.3m (2008: £1.0m), and via government schemes in France, Italy, Scandinavia and North Asia amounting to £3.2m (2008: £2.6m).

The Group expects to pay £5.9m to its UK defined benefit pension plan in 2010.

The principal assumptions used in the valuations of the liabilities of the Group's schemes were:

	2009 United Kingdom	2009 Germany	2009 Republic of Ireland	2008 United Kingdom	2008 Germany	2008 Republic of Ireland
Discount rate	6.25%	5.90%	5.90%	5.90%	5.50%	5.50%
Rate of increase in salaries	2.55%	3.00%	4.00%	3.80%	3.00%	4.00%
Rate of increase of pensions in payment	3.00%	2.75%	2.75%	3.60%	2.50%	2.50%
Inflation assumption	3.00%	2.75%	2.75%	3.60%	2.50%	2.50%

The assumption on the rate of increase of salaries in the UK scheme has been limited. This is due to the introduction of salary capping entitlement arrangements with respect to the defined benefit pension scheme in June 2008.

NOTES TO THE GROUP ACCOUNTS

continued

7 Pension schemes continued

The expected long term rates of return on the schemes' assets as at 31 March were:

	2009 United Kingdom	2009 Germany	2009 Republic of Ireland	2008 United Kingdom	2008 Germany	2008 Republic of Ireland
Equities	7.20%	n/a	8.50%	7.60%	n/a	7.70%
Corporate bonds	5.75%	n/a	n/a	5.40%	n/a	n/a
Government bonds	3.70%	n/a	4.50%	4.10%	n/a	4.70%
Diversified growth funds	6.70%	n/a	n/a	7.10%	n/a	n/a
Enhanced matching funds	3.40%	n/a	n/a	4.25%	n/a	n/a
Cash	0.00%	n/a	n/a	4.75%	n/a	n/a
Other	n/a	n/a	4.60%	n/a	n/a	5.70%

The expected return for each asset class is based on a combination of historical performance analysis, the forward looking views of the financial markets (as indicated by available yields) and the views of investment organisations.

Based upon the demographics of scheme members, the weighted average life expectancy assumptions used to determine benefit obligations were:

	2009 United Kingdom Years	2009 Germany Years	2009 Republic of Ireland Years	2008 United Kingdom Years	2008 Germany Years	2008 Republic of Ireland Years
Member aged 65 (current life expectancy) – male	22.0	18.4	21.4	22.0	18.4	21.4
Member aged 65 (current life expectancy) – female	24.9	22.5	26.4	24.9	22.5	26.4
Member aged 45 (life expectancy at aged 65) – male	23.1	21.8	21.4	23.1	21.8	21.4
Member aged 45 (life expectancy at aged 65) – female	25.9	25.7	26.4	25.9	25.7	26.4

The net (income) costs recognised in the Income Statement were:

	2009 United Kingdom £m	2009 Germany £m	2009 Republic of Ireland £m	2009 Total £m	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m	2008 Total £m
Current service cost	4.9	0.7	0.1	5.7	5.6	0.7	0.1	6.4
Past service cost	(5.2)	–	–	(5.2)	–	–	–	–
Interest cost	17.3	0.5	0.2	18.0	16.0	0.3	0.1	16.4
Effect of curtailment	(11.5)	–	–	(11.5)	–	–	–	–
Expected return on scheme assets	(19.0)	–	(0.2)	(19.2)	(18.1)	–	(0.1)	(18.2)
Total Income Statement (credit) charge	(13.5)	1.2	0.1	(12.2)	3.5	1.0	0.1	4.6

Of the (credit) charge for the year, £1.0m credit (2008 charge: £0.2m) has been included in administrative expenses and the remaining £11.2m credit (2008 charge: £4.4m) in distribution and marketing expenses.

The actual loss on scheme assets was: UK £33.5m (2008: £0.5m), Germany £nil (2008: £nil) and Republic of Ireland £0.7m (2008: £0.3m).

The valuations of the assets of the schemes as at 31 March were:

	2009 United Kingdom £m	2009 Germany £m	2009 Republic of Ireland £m	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m
Equities	79.9	n/a	1.2	113.2	n/a	1.6
Corporate bonds	14.4	n/a	–	14.6	n/a	–
Government bonds	16.5	n/a	0.4	18.9	n/a	0.3
Diversified growth funds	94.0	n/a	–	98.9	n/a	–
Enhanced matching funds	34.8	n/a	–	27.9	n/a	–
Cash	0.7	n/a	–	0.9	n/a	–
Other	–	n/a	0.3	–	n/a	0.3
Total market value of scheme assets	240.3	–	1.9	274.4	–	2.2

7 Pension schemes continued

No amount is included in the market value of assets relating to either financial instruments or property occupied by the Group.

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes was:

	2009 United Kingdom £m	2009 Germany £m	2009 Republic of Ireland £m	2009 Total £m	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m	2008 Total £m
Total market value of assets	240.3	–	1.9	242.2	274.4	–	2.2	276.6
Present value of scheme liabilities	(246.6)	(9.4)	(3.1)	(259.1)	(296.2)	(7.8)	(2.6)	(306.6)
Deficit in the scheme	(6.3)	(9.4)	(1.2)	(16.9)	(21.8)	(7.8)	(0.4)	(30.0)

The German scheme is unfunded, in line with local practice, and the deficit of £9.4m in the German scheme is financed through accruals established within the German accounts.

The movement in present value of the defined benefit obligations in the current period was:

	2009 United Kingdom £m	2009 Germany £m	2009 Republic of Ireland £m	2009 Total £m	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m	2008 Total £m
Present value of the defined benefit obligations at the beginning of the year	296.2	7.8	2.6	306.6	303.8	6.5	2.3	312.6
Movement in year:								
Current service cost	4.9	0.7	0.1	5.7	5.6	0.7	0.1	6.4
Interest cost	17.3	0.5	0.2	18.0	16.0	0.3	0.1	16.4
Contributions from scheme members	0.4	–	–	0.4	2.2	–	–	2.2
Past service cost	(5.2)	–	–	(5.2)	–	–	–	–
Insurance premiums paid	–	(0.1)	–	(0.1)	–	(0.1)	–	(0.1)
Actuarial (gain)	(48.4)	(0.6)	(0.1)	(49.1)	(23.2)	(0.8)	(0.3)	(24.3)
Effect of curtailment	(11.5)	–	–	(11.5)	–	–	–	–
Benefits paid	(7.1)	(0.1)	–	(7.2)	(8.2)	(0.1)	–	(8.3)
Exchange differences	–	1.2	0.3	1.5	–	1.3	0.4	1.7
Present value of the defined benefit obligations at the end of the year	246.6	9.4	3.1	259.1	296.2	7.8	2.6	306.6

The movement in present value of the fair value of scheme assets in the current period was:

	2009 United Kingdom Valuation £m	2009 Germany Valuation £m	2009 Republic of Ireland Valuation £m	2009 Total Valuation £m	2008 United Kingdom Valuation £m	2008 Germany Valuation £m	2008 Republic of Ireland Valuation £m	2008 Total Valuation £m
Present value of fair value of scheme assets at the beginning of the year	274.4	–	2.2	276.6	271.9	–	2.0	273.9
Movement in year:								
Expected return on scheme assets	19.0	–	0.2	19.2	18.1	–	0.1	18.2
Actuarial loss	(52.5)	–	(1.0)	(53.5)	(18.6)	–	(0.5)	(19.1)
Contributions by company	6.1	0.2	0.2	6.5	9.0	0.1	0.1	9.2
Contributions from scheme members	0.4	–	–	0.4	2.2	–	–	2.2
Insurance premiums paid	–	(0.1)	–	(0.1)	–	(0.1)	–	(0.1)
Benefits paid	(7.1)	(0.1)	–	(7.2)	(8.2)	(0.1)	–	(8.3)
Exchange differences	–	–	0.3	0.3	–	0.1	0.5	0.6
Present value of fair value of scheme assets at the end of the year	240.3	–	1.9	242.2	274.4	–	2.2	276.6

NOTES TO THE GROUP ACCOUNTS

continued

7 Pension schemes continued

Experience adjustments were:

	2009 United Kingdom	2009 Germany	2009 Republic of Ireland	2008 United Kingdom	2008 Germany	2008 Republic of Ireland
Difference between expected and actual return on plan assets	(21.8%)	n/a	(52.8%)	(6.8%)	n/a	(26.0%)
Experience (gains) losses on plan liabilities	(2.1%)	2.3%	1.8%	1.5%	0.4%	2.5%

The cumulative amount of actuarial gains recognised is £5.1m (2008: £9.5m).

In addition, the value of the assets held in respect of AVCs amounted to £0.6m as at 31 March 2009 (2008: £0.9m).

The value of the assets held in respect of the defined contribution section of the UK scheme amounted to £7.4m as at 31 March 2009 (2008: £6.3m).

Sensitivity analysis of the impact of changes in key IAS 19 assumptions

The following analysis estimates the impact of various assumption changes on the UK defined benefit pension obligation, whilst holding all other assumptions constant.

Effect on obligation of a 0.1% increase to the assumed discount rate	Liabilities reduce by £5m
Effect on obligation of a 0.1% increase to the assumed inflation rate	Liabilities increase by £4m
Effect on obligation of an assumed increase in one year's life expectancy	Liabilities increase by £6m

8 Income tax expense

	2009 £m	2008 £m
Taxation on the profit of the Group		
United Kingdom corporation tax at 28% (2008: 30%)	25.1	28.0
United Kingdom deferred taxation	1.7	0.9
Double tax relief	(12.1)	(15.5)
	14.7	13.4
Overseas taxation – current	11.2	13.7
Overseas taxation – deferred	4.4	4.4
Total income tax expense in Income Statement	30.3	31.5
Total tax expense is reconciled to a notional 28% (2008: 30%) of profit before taxation as follows:		
Expected tax charge	27.0	28.6
Differences in overseas corporation tax rates	2.4	1.7
Utilisation of tax losses	(0.1)	0.3
Items not deductible (chargeable) for tax purposes	0.8	(0.1)
Other local taxes suffered overseas	0.4	0.4
Deferred tax adjustment due to change in United Kingdom corporation tax rate	–	(0.1)
Non-taxable income	–	(1.3)
(Over) under provision in prior years	(0.2)	2.0
	30.3	31.5
Tax recognised directly in equity		
Recognised in retained earnings		
Relating to actuarial (losses) gains	(1.1)	1.3
Recognised in the hedging reserve		
Relating to gain (losses) on cash flow hedges	0.7	(3.3)
Recognised in the cumulative translation reserve		
Relating to losses on net investment hedges	2.0	–
	1.6	(2.0)

In the UK the standard rate of corporation tax was reduced from 30% to 28% from 1 April 2008.

9 Dividends

	2009 £m	2008 £m
Amounts recognised in the period:		
Final dividend for the year ended 31 March 2008 – 12.6p (2007: 12.6p)	54.8	54.8
Interim dividend for the year ended 31 March 2009 – 5.0p (2008: 5.8p)	21.8	25.2
	76.6	80.0
Proposed dividend for the year ended 31 March 2009 – 6.0p	26.1	

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these accounts.

NOTES TO THE GROUP ACCOUNTS
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10 Earnings per share

	2009	2008
	£m	£m
Profit for the year attributable to the equity shareholders	66.2	63.9
Pension changes/reorganisation (income) costs	(9.9)	1.0
Tax impact of pension changes/reorganisation	3.0	(0.3)
Headline profit after taxation	59.3	64.6
Weighted average number of shares	435,048,300	435,030,505
Dilutive effect of share options	784,719	1,232,055
Diluted weighted average number of shares	435,833,019	436,262,560

	pence	pence
Basic earnings per share	15.2	14.7
Diluted earnings per share	15.2	14.6
Headline basic earnings per share	13.6	14.8
Headline diluted earnings per share	13.6	14.8

A further 7,268,938 share options were outstanding as at 31 March 2009 (2008: 15,346,707) but were not included as they were anti-dilutive.

11 Intangible assets

Cost	Goodwill £m	Software £m	Other Intangibles £m	Total £m
At 1 April 2007	133.6	101.9	0.3	235.8
External additions	–	6.2	–	6.2
Translation differences	(1.9)	2.8	–	0.9
At 1 April 2008	131.7	110.9	0.3	242.9
External additions	–	8.1	–	8.1
Disposals	–	(0.1)	–	(0.1)
Translation differences	51.2	5.2	–	56.4
At 31 March 2009	182.9	124.1	0.3	307.3
Amortisation				
At 1 April 2007		39.1	–	39.1
Charged in the year		13.5	–	13.5
Translation differences		1.7	–	1.7
At 1 April 2008		54.3	–	54.3
Charged in the year		14.1	0.1	14.2
Disposals		(0.1)	–	(0.1)
Translation differences		4.3	–	4.3
At 31 March 2009		72.6	0.1	72.7
Net book value				
At 31 March 2009	182.9	51.5	0.2	234.6
At 31 March 2008	131.7	56.6	0.3	188.6
At 31 March 2007	133.6	62.8	0.3	196.7

Goodwill principally relates to the acquisition of Allied Electronics Inc. in July 1999.

Value in use calculations

The recoverable amount of goodwill is based on value in use calculations.

These calculations use discounted cash flow projections based on actual operating results together with management projections for six years. These cash flow projections are assessed for the reasonableness of the underlying assumptions; for example by examining the causes of differences between past cash flow projections and actual cash flows.

Cash flows for further periods, i.e. beyond six years, are extrapolated using a long term annual growth rate of 2% (2008: 2%) which is consistent with the 'market estimate' long-term average growth rate for the industry.

A period of more than five years has been used as the Directors believe that this is a reasonable assumption since the investments are being held for the long-term.

A pre-tax discount rate of 9% (2008: 9%) has been applied in calculating the discounted projected cash flows.

Key assumptions

The key assumptions used are the sales growth rate and discount rate.

The sales growth rate is prepared using internal forecasts based upon historical growth rates and future medium term plans together with relevant macro economic indicators. The long-term growth rates used are consistent with the long-term average growth rates for the industry and do not exceed expected long term GDP growth.

The discount rate is based upon the Group's Weighted Average Cost of Capital (WACC) at 31 March 2009 and has been calculated reflecting market assessments at that time.

The Directors believe that currently all 'reasonably likely' changes in the key assumptions referred to above would not give rise to an impairment charge.

Outcome of calculations

The recoverable amount of the Allied business exceeds its carrying value and the carrying value of the goodwill is therefore not impaired.

NOTES TO THE GROUP ACCOUNTS
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12 Property, plant and equipment

Cost	Land and buildings £m	Plant and machinery £m	Computer systems £m	Total £m
At 1 April 2007	95.8	107.4	61.4	264.6
Additions	1.3	6.4	5.2	12.9
Disposals	(0.5)	(3.9)	(1.8)	(6.2)
Translation differences	4.9	3.3	1.7	9.9
At 1 April 2008	101.5	113.2	66.5	281.2
Additions	0.5	3.9	2.4	6.8
Disposals	(0.3)	(2.9)	(1.5)	(4.7)
Translation differences	11.5	7.4	3.5	22.4
At 31 March 2009	113.2	121.6	70.9	305.7
Depreciation				
At 1 April 2007	22.7	85.2	45.6	153.5
Charged in the year	1.8	4.9	6.5	13.2
Disposals	(0.5)	(3.5)	(1.5)	(5.5)
Translation differences	0.9	2.8	1.4	5.1
At 1 April 2008	24.9	89.4	52.0	166.3
Charged in the year	2.0	5.1	6.0	13.1
Disposals	–	(2.5)	(1.1)	(3.6)
Translation differences	1.5	4.2	2.8	8.5
At 31 March 2009	28.4	96.2	59.7	184.3
Net book value				
At 31 March 2009	84.8	25.4	11.2	121.4
At 31 March 2008	76.6	23.8	14.5	114.9
At 31 March 2007	73.1	22.2	15.8	111.1

Net book value of land and buildings	2009 £m	2008 £m
Freehold land	12.9	11.8
Freehold buildings	68.5	61.8
Long leasehold buildings	0.4	0.4
Short leasehold buildings	3.0	2.6
	84.8	76.6

Net book value of plant and machinery	2009 £m	2008 £m
Plant and machinery	22.2	20.6
Other office equipment	2.2	2.2
Motor vehicles	1.0	1.0
	25.4	23.8

All classes of tangible assets are depreciated except for freehold land.

13 Capital commitments

	2009 £m	2008 £m
Contracted capital expenditure at 31 March, for which no provision has been made in these accounts	2.9	0.6

14 Investments

	2009 £m	2008 £m
Jointly controlled entity	0.5	0.4
	0.5	0.4

For details of the jointly controlled entity, see note 15 to the Group accounts.

15 Principal subsidiary undertakings and associated undertakings

	Principal location	Country of incorporation
Mail order of electronic, electrical and mechanical products		
RS Components Pty Limited*	Sydney	Australia
RS Components GesmbH*	Gmünd	Austria
Allied Electronics (Canada) Inc.*	Ottawa	Canada
RS Componentes Electrónicos Limitada*	Santiago	Chile
RS Components A/S*	Copenhagen	Denmark
Radiospares Composants SNC*	Beauvais	France
RS Components GmbH*	Frankfurt	Germany
RS Components Limited*	Kowloon	Hong Kong
RS Components & Controls (India) Limited†	New Delhi	India
RS Components SpA*	Milan	Italy
RS Components KK*	Yokohama	Japan
RS Components Sdn Bhd*	Kuala Lumpur	Malaysia
RS Components BV*	Haarlem	Netherlands
RS Components Limited*	Auckland	New Zealand
RS Components AS*	Haugesund	Norway
RS Components (Shanghai) Company Limited*	Shanghai	People's Republic of China
Radionics Limited*	Dublin	Republic of Ireland
RS Components Pte Limited*	Singapore	Singapore
Amidata SAu*	Madrid	Spain
RS Components AB*	Vällingby	Sweden
RS Components Company Limited*	Bangkok	Thailand
RS Components Limited	Corby	United Kingdom
Allied Electronics Inc.*	Fort Worth, TX	United States of America
Holding and Management Companies		
Electrocomponents France SARL*	Beauvais	France
Electrocomponents UK Limited	Oxford	United Kingdom
RS Components Holdings Limited*	Oxford	United Kingdom
Electrocomponents North America Inc.*	Laytonsville, MD	United States of America

Except as stated below all of the above are wholly owned by Electrocomponents plc. Those companies marked with an asterisk are indirectly owned. The companies operate within their countries of incorporation. RS Components Limited (UK) exports to most countries where we do not have a trading company and operates branch offices in Japan, South Africa, Taiwan, and the Philippines. RS Components Limited also operates under the names of RS Calibration, RS Mechanical and RS Health & Safety in the United Kingdom.

† RS Components & Controls (India) Limited (RSCC) is a jointly controlled entity with Controls & Switchgear Company Limited, a company registered in India. The authorised share capital of this company is Rs20m, of which Rs18m is issued and owned in equal shares by Electrocomponents UK Limited and its partner. RS Components Limited supplies product and catalogues to RSCC, while office space and distribution network are provided by Controls & Switchgear. During the year ended 31 March 2009 the Group made sales of £0.9m (2008 £0.8m) to RSCC and supplied catalogues at a cost to RSCC of £0.1m (2008: £0.1m). RSCC is treated in the accounts as an associated undertaking.

NOTES TO THE GROUP ACCOUNTS

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16 Inventories

	2009 £m	2008 £m
Raw materials and consumables	12.2	8.5
Finished goods and goods for resale	168.6	152.6
	180.8	161.1

17 Trade and other receivables

	2009 £m	2008 £m
Gross trade receivables	156.1	165.0
Provision for doubtful debts	(5.5)	(3.9)
Amounts owed by jointly controlled entity	0.4	0.5
Derivative assets	4.4	1.1
Other receivables	2.1	2.2
Prepayments and accrued income	9.5	8.1
Trade and other receivables falling due within one year	167.0	173.0
Corporation tax	–	0.3
Derivative assets	0.1	–
Other receivables	3.2	2.6
Other receivables falling due after more than one year	3.3	2.9

18 Trade and other payables

	2009 £m	2008 £m
Trade payables	66.0	79.2
Other taxation and social security	11.8	10.3
Derivative liabilities	15.4	11.8
Other payables	4.9	5.7
Government grants	0.2	0.2
Accruals and deferred income	42.6	36.5
Trade and other payables due within one year	140.9	143.7
Derivative liabilities	0.2	–
Other payables	4.1	3.8
Government grants	4.8	4.6
Other payables due in more than one year	9.1	8.4

19 Interest bearing loans and borrowings

	2009 £m	2008 £m
Non-current liabilities:		
Unsecured bank facilities	192.8	165.2
Secured bank loans	1.6	2.2
Unsecured bank loans	5.7	4.0
Finance lease liabilities	1.1	1.0
	201.2	172.4
Current liabilities:		
Unsecured bank facilities	0.5	4.3
Unsecured bank overdrafts	1.2	1.2
Secured bank loans	0.8	0.7
Finance lease liabilities	1.5	0.9
	4.0	7.1
Borrowings are repayable as follows:		
Amounts falling due on demand or in less than one year	4.0	7.1
In more than one but not more than two years	7.5	166.9
In more than two but not more than three years	0.9	4.8
In more than three but not more than four years	192.8	0.7
	205.2	179.5

	Total 2009 £m	Sterling 2009 £m	US Dollars 2009 £m	Euro 2009 £m	Japanese Yen 2009 £m	Other 2009 £m
Borrowings are analysed by currency as:						
Unsecured bank overdrafts	1.2	–	–	0.2	–	1.0
Unsecured bank facilities	193.3	40.8	90.8	40.1	7.8	13.8
Secured bank loans	2.4	–	–	2.4	–	–
Unsecured bank loans	5.7	–	–	–	5.7	–
Finance lease liabilities	2.6	2.1	0.5	–	–	–
Total borrowings	205.2	42.9	91.3	42.7	13.5	14.8

	Total 2008 £m	Sterling 2008 £m	US Dollars 2008 £m	Euro 2008 £m	Japanese Yen 2008 £m	Other 2008 £m
Unsecured bank overdrafts	1.2	–	0.2	0.1	–	0.9
Unsecured bank facilities	169.5	–	85.3	32.0	34.5	17.7
Secured bank loans	2.9	–	–	2.9	–	–
Unsecured bank loans	4.0	–	–	–	4.0	–
Finance lease liabilities	1.9	1.5	0.4	–	–	–
Total borrowings	179.5	1.5	85.9	35.0	38.5	18.6

NOTES TO THE GROUP ACCOUNTS

continued

20 Financial instruments

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying values and fair values of all the Group's financial assets and liabilities as at 31 March 2009 and 31 March 2008. None of the financial assets or financial liabilities have been reclassified during the year.

	Derivatives and other items at fair value £m	Amortised cost £m	Total carrying value £m	Fair value £m
2009				
Cash and cash equivalents*		2.0	2.0	2.0
Bank overdrafts**		(1.2)	(1.2)	(1.2)
Interest rate swaps:				
Assets	–		–	–
Liabilities	–		–	–
Forward exchange contracts:				
Assets	4.5		4.5	4.5
Liabilities	(15.6)		(15.6)	(15.6)
Loans due within one year	(0.8)	(0.5)	(1.3)	(1.3)
Loans due after more than one year	(7.3)	(192.8)	(200.1)	(200.1)
Finance lease liabilities		(2.6)	(2.6)	(2.6)
Other financial assets		154.9	154.9	154.9
Other financial liabilities		(140.4)	(140.4)	(140.4)
At 31 March 2009	(19.2)	(180.6)	(199.8)	(199.8)

	Derivatives and other items at fair value £m	Amortised cost £m	Total carrying value £m	Fair value £m
2008				
Cash and cash equivalents*		28.4	28.4	28.4
Bank overdrafts**		(1.2)	(1.2)	(1.2)
Interest rate swaps:				
Assets	–		–	–
Liabilities	–		–	–
Forward exchange contracts:				
Assets	1.1		1.1	1.1
Liabilities	(11.8)		(11.8)	(11.8)
Loans due within one year	(0.7)	(4.3)	(5.0)	(5.0)
Loans due after more than one year	(6.2)	(165.2)	(171.4)	(171.4)
Finance lease liabilities		(1.9)	(1.9)	(1.9)
Other financial assets		165.4	165.4	165.4
Other financial liabilities		(149.2)	(149.2)	(149.2)
At 31 March 2008	(17.6)	(128.0)	(145.6)	(145.6)

* Largely comprises local bank account balances, which typically bear interest at rates set by reference to local applicable rates or cash float balances which have not yet cleared for interest purposes.

** Bank overdrafts are repayable on demand and are all unsecured and bear interest at rates set by reference to applicable local rates.

20 Financial instruments continued

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Derivatives

For interest rate swaps broker quotes are used. Forward exchange contracts are valued by discounting the difference between the contractual forward price and the current forward rate. The rates used represent active market prices for actively traded instruments.

Interest-bearing loans

Fair value is calculated based on discounted expected future principal and interest cash flows. For amounts with a repricing maturity of less than one year the carrying amount approximates fair value.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows discounted at market rates.

Other financial assets and liabilities

Receivables and payables are discounted to determine the fair value. For amounts with a repricing maturity of less than one year the carrying amount approximates fair value.

Risk management objectives and policies

The principal financial risks to which the Group is exposed are those of liquidity, market and credit. Each of these are managed in accordance with Board approved policies. The policies are set out below.

Liquidity risk

The Group's key priority is to ensure that it can always meet its liabilities as they fall due. The Group ensures this by always having sufficient committed debt facilities in place to meet all its anticipated funding requirements. The Group's forecast funding requirements and its committed debt facilities are reported to and monitored by the Treasury Committee monthly.

As at 31 March 2009 the Group had two committed revolving bank facilities: a syndicated multicurrency facility for £142m, \$137m and €47m with a maturity of September 2012 and a bilateral facility for £25m with a maturity of March 2010. It also had a fully drawn bank facility for Yen 800m with a maturity of December 2010 and a fully drawn, amortising, bank facility of €2.7m as at 31 March 2009, with a final maturity of December 2011. The €2.7m bank facility is secured on the Group's warehouse in Bad Hersfeld.

As at 31 March 2009 the Group had available £113.5m of undrawn committed debt facilities in respect of which all conditions precedent had been met.

The Group also uses bank overdrafts, uncommitted short term money market loans, cash and short term investments. The main purpose of these financial instruments is to manage the Group's day to day funding and liquidity requirements.

Maturity profile of financial liabilities

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m
Bank overdrafts	(1.2)	–	–	–
Loans	(1.3)	(6.4)	(0.9)	(192.8)
Finance lease liabilities	(1.5)	(1.1)	–	–
Other financial liabilities	(140.4)	–	–	–
At 31 March 2009	(144.4)	(7.5)	(0.9)	(192.8)

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m
Bank overdrafts	(1.2)	–	–	–
Loans	(5.0)	(165.9)	(4.8)	(0.7)
Finance lease liabilities	(0.9)	(1.0)	–	–
Other financial liabilities	(149.2)	–	–	–
At 31 March 2008	(156.3)	(166.9)	(4.8)	(0.7)

NOTES TO THE GROUP ACCOUNTS

continued

20 Financial instruments continued

Market risk

Foreign currency transactional risk

The Group is exposed to foreign currency transaction risk because most operating companies have some level of payables in currencies other than their functional currency. Some operating companies also have receivables in currencies other than their functional currency.

Hedging of currency exposures over operating company catalogue period is implemented in order to 'shelter' the forecast gross profits over those catalogue periods. In this way the impacts of currency fluctuations can be smoothed until catalogue selling prices can be changed in light of movements in exchange rates. The hedges are enacted through forward foreign currency contracts entered into by Group Treasury based on trading projections provided by the operating companies.

In addition specific cash flows relating to material transactions in currencies other than the functional currency of the local business are hedged when the commitment is made.

Within cash flow hedges the Group classifies forward exchange contracts as hedging instruments against forecast receivables/payables. The forecast cash flows are expected to occur evenly throughout the period for 17 months from the year end, and will affect the Income Statement in the period in which they occur. The net fair value of forward exchange contracts not used as hedges of forecast transactions at 31 March 2009 was £1.8m.

Cash flow hedges

	£m
Fair value of hedging instruments under cash flow hedges as at 31 March 2007:	
Assets	2.0
Liabilities	(1.1)
Net	0.9

In the year ended 31 March 2008:

Amount removed from equity and taken to Income Statement in operating profit	(0.8)
Fair value of derecognised cash flow hedges taken to Income Statement in operating profit	(0.1)
Fair value of cash flow hedges taken to equity	(10.7)

Fair value of hedging instruments under cash flow hedges as at 31 March 2008:

Assets	1.1
Liabilities	(11.8)
Net	(10.7)

In the year ended 31 March 2009:

Amount removed from equity and taken to Income Statement in operating profit	10.1
Fair value of derecognised cash flow hedges taken to Income Statement in operating profit	1.8
Fair value of cash flow hedges taken to equity	(10.6)

Fair value of hedging instruments under cash flow hedges as at 31 March 2009:

Assets	4.5
Liabilities	(13.9)
Net	(9.4)

Foreign currency transaction exposures, and the hedges in place to mitigate them, are monitored monthly by the Treasury Committee. The Group does not believe its foreign currency transactional risk has materially altered during the year.

20 Financial instruments continued

Maturity profile of financial derivatives

	Within 1 year £m	1-2 years £m
Interest rate swaps:		
Assets	–	–
Liabilities	–	–
	–	–
Forward exchange contracts:		
Assets	4.4	0.1
Liabilities	(15.4)	(0.2)
At 31 March 2009	(11.0)	(0.1)

	Within 1 year £m	1-2 years £m
Interest rate swaps:		
Assets	–	–
Liabilities	–	–
	–	–
Forward exchange contracts:		
Assets	1.1	–
Liabilities	(11.8)	–
At 31 March 2008	(10.7)	–

Foreign currency translational risk

The Group has designated certain external loans as net investment hedges against its investments in its US and European subsidiaries. The carrying amount of the US hedge as at 31 March 2009 was US \$170m (£118.9m), of which \$128.5m (£89.9m) formed part of the unsecured bank facility and \$41.5m (£29.0m) was in the form of an overdraft. The carrying amount of the Euro hedge was €65m (£60.2m), of which €38m (£35.2m) formed part of the unsecured bank facility and €27m (£25.0m) was in the form of an overdraft. Both the US Dollar and Euro overdrafts are shown in the balance sheet netted with positive cash balances, as there is an absolute right of set-off.

The carrying value of these \$ and € hedges remained unchanged, and 100% effective, throughout the year ended 31 March 2009 and the year ended 31 March 2008.

A foreign exchange loss of £41.7m (2008: loss £6.5m) was recognised in equity on translation of the loans to Sterling in the year ended 31 March 2009.

No other foreign currency translation exposures are explicitly hedged although local currency debt is used where economic and fiscally efficient in the financing of subsidiaries and this provides a degree of hedging. Guidelines are in place to manage the currency mix of the Group's net debt. The Group does not believe its foreign currency translational risk has materially altered during the year.

Interest rate risk

The Group has relatively high interest cover and therefore relatively low interest rate risk. For this reason the Group adopts a policy of paying and receiving interest on a variable interest rate basis, as in the opinion of the Group this minimises interest cost over time. This policy is subject to regular monitoring of the effect of potential changes in interest rates on its interest cost with a view to taking suitable actions should exposure reach certain levels. The Group does not believe its interest rate risk has materially altered during the year.

Two interest rate swaps have been entered into in order to hedge interest rate risk. The swaps mature over the next four years following the maturity of the related loans, one of which is amortising, and have fixed swap rates of 1.15% and 3.85%. At 31 March 2009 the Group had interest rate swaps with notional contract amounts of Yen 800m and €2.7m (2008: Yen 800m and €3.6m).

NOTES TO THE GROUP ACCOUNTS

continued

20 Financial instruments continued

Interest rate profile

The interest rate profile of the Group's interest bearing financial instruments, as at 31 March 2009 and as at 31 March 2008 are set out below. In the case of non-current financial liabilities, the classification includes the impact of the interest rate swaps.

	2009			2008		
	Fixed rate £m	Floating rate £m	Total £m	Fixed rate £m	Floating rate £m	Total £m
Financial liabilities						
Interest bearing loans and borrowings						
Current	(2.0)	(2.0)	(4.0)	(0.9)	(6.2)	(7.1)
Non-current	(1.1)	(200.1)	(201.2)	(1.0)	(171.4)	(172.4)
	(3.1)	(202.1)	(205.2)	(1.9)	(177.6)	(179.5)
Financial assets						
Fixed deposits	–	–	–	–	22.5	22.5
Cash and cash equivalents	–	2.0	2.0	–	5.9	5.9
	–	2.0	2.0	–	28.4	28.4

The Group classifies its interest rate swaps as fair value hedges against interest rate risk and states them at fair value.

Fair value hedges

	2009 £m	2008 £m
Included in finance income and expense		
Fair value adjustments through the Income Statement in respect of hedged debt designated at fair value	–	–
Fair value adjustments through the Income Statement in respect of hedging instruments designated at fair value	–	–
Net	–	–

Multi-currency cash pooling is in place with the Group's banks to ensure daily netting of principally all the Groups cash flows in all currencies with consequent improvements to liquidity and interest costs.

20 Financial instruments continued

Sensitivity analysis

The sensitivity analysis set out below summarises the impact:

- On interest expense of a 1% increase/decrease in interest rates on all currencies from their actual levels for the year ended 31 March 2009 and the year ended 31 March 2008;
- On Group profit before tax of a 10% increase/decrease in the value of the US Dollar and the Euro against Sterling from the actual level for the year ended 31 March 2009 and the year ended 31 March 2008.

The sensitivity analysis is based on the following:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair market value;
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end;
- All net investment and foreign currency cash flow hedges are expected to be highly effective.

	1% Increase in Interest Rates £m	1% Decrease in Interest Rates £m	10% Increase in value of US\$ & € £m	10% Decrease in value of US\$ & € £m
Year ended 31 March 2009				
Impact on Income Statement: (loss) gain	(2.1)	2.1	4.2	(4.2)
Impact on equity: gain (loss)	–	–	12.9	(12.9)

	1% Increase in Interest Rates £m	1% Decrease in Interest Rates £m	10% Increase in value of US\$ & € £m	10% Decrease in value of US\$ & € £m
Year ended 31 March 2008				
Impact on Income Statement: (loss) gain	(1.7)	1.7	4.6	(4.6)
Impact on equity: gain (loss)	0.2	(0.2)	5.4	(5.4)

Credit risk

The Group is exposed to credit risk on financial assets such as cash balances (including deposits and cash and cash equivalents), derivative instruments and on trade and other receivables.

The amounts in the balance sheet represent the maximum credit risk exposure at the balance sheet date. There were no significant concentrations of credit risk at the balance sheet date, as exposure is spread over a large number of counterparties and customers and geographical location. As such the Group does not believe its credit risk has materially altered during the year.

Financial assets

The Group identifies counterparties of suitable creditworthiness based on ratings assigned by international credit-rating agencies and has procedures to ensure that only these parties are used, that exposure limits are set based on the external credit ratings, and that these limits are not exceeded.

Trade and other receivables

All operating companies have credit policies and monitor their credit exposure on an ongoing basis. Each operating company performs credit evaluations on all customers seeking credit over a certain amount. Trading receivables are stated net of allowances for doubtful receivables, estimated by local management based on prior experience of customers and assessment of their current economic environment. There are no significant individual allowances for doubtful receivables included within this amount.

For countries with no local operating company presence export credit limits are set and monitored on a country basis each month by the Treasury Committee.

Given the profile of our customers, whereby credit risk is spread amongst a large number of customers with small balances, no further material credit risk has been identified with the trade receivables not past due other than those balances for which an allowance has been made.

NOTES TO THE GROUP ACCOUNTS

continued

20 Financial instruments continued

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	2009 £m	2008 £m
UK	49.9	58.3
US	19.7	18.1
Euro zone countries	62.8	66.8
Other European countries	2.7	2.3
Japan	2.4	2.7
Other countries	13.1	12.9
	150.6	161.1

The aging of trade receivables at the reporting date was:

	2009 £m	2008 £m
Not past due	109.2	114.7
Past due 0-60 days	36.9	41.1
Past due 60-120 days	3.2	3.1
Past due >120 days	1.3	2.2

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the return on capital, which the Group defines as headline operating profit as a percentage of net assets plus net debt. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the Group's approach to capital management during the year.

21 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Property, plant and equipment	0.1	0.4	(11.2)	(12.7)	(11.1)	(12.3)
Goodwill	–	–	(36.9)	(22.3)	(36.9)	(22.3)
Retirement benefit obligations	1.9	6.1	–	–	1.9	6.1
Inventories	0.1	0.2	(0.3)	(0.1)	(0.2)	0.1
Employee benefits	0.9	1.4	–	–	0.9	1.4
Provisions	2.3	1.3	–	–	2.3	1.3
Other items	3.4	5.8	(0.3)	(0.6)	3.1	5.2
Tax losses	19.4	10.8	–	–	19.4	10.8
Tax assets (liabilities)	28.1	26.0	(48.7)	(35.7)	(20.6)	(9.7)
Set off of tax	(17.4)	(11.3)	17.4	11.3	–	–
Net tax assets (liabilities)	10.7	14.7	(31.3)	(24.4)	(20.6)	(9.7)

A deferred tax asset has been recognised for tax losses where current projections show that sufficient taxable profits will arise in the near future against which these losses may be offset.

	2009 £m	2008 £m
Unrecognised deferred tax assets		
Tax losses	14.0	14.0

A deferred tax asset has not been recognised in respect of tax losses which can be carried forward against future taxable income as recoverability is uncertain.

At the balance sheet date, the aggregate amount of temporary differences for which deferred tax liabilities have not been recognised was expected to be £5.9m (2008: £5.9m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Further, the Group has sufficient relevant losses to offset fully the £5.9m liability.

Deferred tax is provided at the standard rate of corporation tax applicable at the balance sheet date unless there is legislation enacted or substantively enacted by the balance sheet date changing the rate. In the UK, the standard rate of corporation tax for the year ended 31 March 2009 is 28%.

NOTES TO THE GROUP ACCOUNTS

continued

22 Lease commitments

Operating lease commitments

The Group has entered into non-cancellable leases in respect of plant and machinery, the payments for which extend over a period of up to five years. The total annual rental (including interest) for 2009 was £3.4m (2008: £3.4m). The lease agreements provide that the Group will pay all insurance, maintenance and repairs. In addition, the Group leases certain properties on short and long term leases. The annual rental on these leases was £8.8m (2008: £8.0m). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group pays all insurance, maintenance and repairs of these properties. Operating lease rentals are payable as follows:

	Properties		Plant and machinery	
	2009 £m	2008 £m	2009 £m	2008 £m
Within one year	8.1	7.0	3.0	3.2
Within two to five years	17.3	15.3	4.9	3.5
After five years	6.8	8.7	–	–
	32.2	31.0	7.9	6.7

23 Related parties

The Company has a related party relationship with its subsidiaries as disclosed in note 15 to the Group and with its key management personnel. The key management personnel of the Group are the Executive Directors. Compensation of key management personnel was:

	2009 £m	2008 £m
Remuneration	1.1	1.5
Social security costs	–	0.1
Equity-settled transactions	0.2	–
Pension costs	0.3	0.2
	1.6	1.8

Details of transactions with the jointly controlled entity are given in note 15 to the Group accounts.

24 Share capital

	2009 Number of shares	2008 Number of shares	2009 £m	2008 £m
Ordinary shares of 10p each:				
Authorised	500,000,000	500,000,000	50.0	50.0
Called-up and fully paid:				
At 1 April	435,350,416	435,325,007	43.5	43.5
New share capital subscribed	10,312	25,409	–	–
At 31 March	435,360,728	435,350,416	43.5	43.5

All of the new share capital subscribed in the financial year 2009 related to the exercise of share options (note 6).

Details of the own shares held are given in note 8 to the Company accounts on page 78.

25 Retained earnings and cumulative translation

	Retained earnings		Cumulative translation	
	2009 £m	2008 £m	2009 £m	2008 £m
At 1 April	205.0	216.1	3.9	1.8
Total recognised income and expense (net of tax)	62.9	67.8	32.8	2.1
Dividends paid	(76.6)	(80.0)	–	–
Equity-settled transactions	1.2	1.1	–	–
At 31 March	192.5	205.0	36.7	3.9

The total recognised income and expense for the year includes tax recognised directly in equity as detailed in note 8 to the Group accounts.

The cumulative goodwill written off directly to retained earnings in respect of subsidiaries that form part of the Group's continuing activities at 31 March 2009 is £42.8m (2008: £42.8m).

The cumulative translation reserve comprises all foreign exchange differences arising from the translation of the accounts of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

26 Reserves

	Other Reserves				
	Share premium account £m	Own shares held £m	Hedging reserve £m	Total Other reserves £m	Total £m
At 1 April 2007	38.7	(1.7)	0.9	(0.8)	37.9
Total recognised income and expense	–	–	(8.5)	(8.5)	(8.5)
Premium on new share capital subscribed	–	–	–	–	–
At 31 March 2008	38.7	(1.7)	(7.6)	(9.3)	29.4
Total recognised income and expense	–	–	0.7	0.7	0.7
Premium on new share capital subscribed	–	–	–	–	–
At 31 March 2009	38.7	(1.7)	(6.9)	(8.6)	30.1

The own shares held reserve represents the cost of shares in Electrocomponents plc purchased in the market and held by the Electrocomponents Employee Trust to satisfy options under the Group's share option schemes (note 6).

The hedging reserve comprises the fair value of forward foreign exchange contracts net of tax, at the year end.

The total recognised income and expense for the year includes tax recognised directly in equity as detailed in note 8 to the Group accounts.

Details of own shares held are shown in note 8 to the Company accounts.

NOTES TO THE GROUP ACCOUNTS

continued

27 Reconciliation of movements in equity

	2009 £m	2008 £m
Profit for the year	66.2	63.9
Dividend	(76.6)	(80.0)
Foreign exchange translation differences	34.8	2.1
Fair value of derecognised cash flow hedges	1.8	–
(Loss) on cash flow hedges	(0.4)	(11.8)
Actuarial (loss) gain on defined benefit pension schemes	(4.4)	5.2
Equity-settled transactions	1.2	1.1
Tax impact on adjustments taken directly to equity	(1.6)	2.0
New share capital subscribed	–	–
Equity shareholders' funds at the beginning of the year	281.8	299.3
Net increase (reduction) to equity	21.0	(17.5)
Equity shareholders' funds at the end of the year	302.8	281.8

28 Cash and cash equivalents

	2009 £m	2008 £m
Bank balances	2.0	5.9
Call deposits and investments	–	22.5
Cash and cash equivalents in the balance sheet	2.0	28.4
Bank overdrafts	(1.2)	(1.2)
Cash and cash equivalents in the cash flow statement	0.8	27.2
Current instalments of loans	(2.8)	(5.9)
Loans repayable after more than one year	(201.2)	(172.4)
Net debt	(203.2)	(151.1)
Gross pension deficit	(16.9)	(30.0)
Net debt including gross pension deficit	(220.1)	(181.1)

The movements on net debt during the year are analysed below:

Analysis of movement in net debt	2009 £m	2008 £m
Net debt at 1 April	(151.1)	(136.2)
Free cash flow	78.0	75.0
Equity dividends paid	(76.6)	(80.0)
New finance leases	(2.3)	(0.3)
Translation differences	(51.2)	(9.6)
Net debt at 31 March	(203.2)	(151.1)

29 Contingent liabilities

At 31 March 2009 there were no contingent liabilities (2008: none).

30 Principal exchange rates

	2009		2008	
	Average	Closing	Average	Closing
United States Dollar	1.72	1.43	2.01	1.99
Euro	1.21	1.08	1.41	1.25
Japanese Yen	175	142	229	198

COMPANY BALANCE SHEET
As at 31 March 2009

	Note	2009 £m	2008 £m
Fixed assets			
Tangible fixed assets	6	17.6	18.1
Investments	7	355.0	374.8
		372.6	392.9
Current assets			
Debtors	9	52.5	10.6
Investments and bank deposits		–	22.6
Cash at bank and in hand		82.4	94.1
		134.9	127.3
Creditors: amounts falling due within one year	10	(77.8)	(65.4)
Net current assets		57.1	61.9
Total assets less current liabilities		429.7	454.8
Creditors: amounts falling due after more than one year	10	(152.8)	(165.2)
Provisions for liabilities and charges	12	(1.1)	(0.2)
		275.8	289.4
Capital and reserves			
Called-up share capital	15	43.5	43.5
Share premium account	16	38.7	38.7
Retained earnings	16	193.6	207.2
Equity shareholders' funds		275.8	289.4

These accounts were approved by the Board of Directors on 29 May 2009 and signed on its behalf by:

Simon Boddie
Group Finance Director

The notes on pages 74 to 80 form part of these Company accounts.

COMPANY SIGNIFICANT ACCOUNTING POLICIES

As at 31 March 2009

Basis of preparation

The Company accounts have been prepared under the historical cost convention, modified to include revaluation to fair value of certain financial instruments as described below, and in accordance with UK Company Law and UK Generally Accepted Accounting Practice (UK GAAP).

The Group accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and are presented on pages 36 to 70.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own Profit and Loss Account.

Under Financial Reporting Standard 25, the Company is exempt from the disclosure requirements of FRS 25 (Financial Instruments: Presentation) on the grounds that the parent undertaking, Electrocomponents plc, includes the Company in its own published consolidated accounts. Disclosures are provided in note 20 under IAS 32 (Financial Instruments: Presentation) which comply with the disclosure requirements of FRS 25.

The following paragraphs describe the main accounting policies under UK GAAP, which have been applied consistently.

Investments in subsidiary undertakings

Investments in subsidiary undertakings including long-term loans are included in the Balance Sheet of the Company at the lower of cost and the expected recoverable amount. Any impairment is recognised in the Profit and Loss Account.

Translation of foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction for monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the Profit and Loss Account.

Financial instruments

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. It principally employs forward foreign exchange contracts to hedge against changes in exchange rates over the catalogue periods of the majority of its operating companies. In addition there are also a small number of interest rate swaps which swap certain fixed rate loans into floating rate.

In accordance with its treasury policies, the Company does not hold or issue derivative financial instruments for trading purposes.

Certain derivative financial instruments are designated as hedges in line with the Company's risk management policies. Hedges are classified as follows:

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability.
- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction.
- Net investment hedges when they hedge the exposure to changes in the value of the Company's interests in the net assets of foreign operations.

All the Group's derivatives are initially and in subsequent periods recognised in the Balance Sheet at fair value. Changes in the fair value of derivative financial instruments that do not qualify for cash flow or net investment hedge accounting are recognised in the Profit and Loss Account as they arise.

Cash flow hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the Profit and Loss Account. When the forecast transaction subsequently results in the recognition of a non-financial asset or liability the associated cumulative gain or loss is removed from equity and included in the initial cost of the non-financial asset or liability. When the forecast transaction subsequently results in the recognition of a financial asset or liability, the associated cumulative gain or loss that was recognised directly in equity is reclassified into the Profit and Loss Account in the same period during which the asset acquired or liability assumed affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Profit and Loss Account.

The fair value of forward foreign exchange contracts is the difference between their discounted contractual forward price and their current forward price.

Fair value hedge accounting

The Company uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities, holding a small number of interest rate swaps which swap certain fixed rate loans into floating rate.

The fair value of the interest rate swaps is the market value of the swap at the balance sheet date, taking into account current interest rates.

Pension costs

The Company participates in Group operated defined contribution and defined benefit pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds.

As allowed by FRS 17 'Retirement Benefits', the Company is unable to identify its share of the defined benefit scheme's underlying assets and liabilities and therefore accounts for it as though it was defined contribution pension scheme. The deficit of the scheme is included within the accounts of RS Components Limited.

Share-based payments

The Company operates several share-based payment schemes, the largest of which are the Savings Related Share Option Scheme (SAYE), the Long Term Incentive Option Plan (LTIO), the Long Term Incentive Plan (LTIP) and the Executive Incentive Plan (EIP).

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity and spread over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model. The Profit and Loss Account charge is then adjusted to reflect expected and actual levels of vesting based on non-market performance related criteria.

All Profit and Loss Account charges relating to options held by members of other Group companies are charged to the appropriate Group company.

The Company has chosen to adopt the exemption whereby FRS 20 'Share-Based Payments' is applied only to awards made after 7 November 2002.

Depreciation

No depreciation has been charged on freehold land. Other assets have been depreciated to residual value, on a straight-line basis at the following annual rates:

Freehold buildings 2%
Warehouse systems 10%-20%
Plant and equipment 10%-20%
Mainframe computer equipment 20%
Network computer equipment 33%
Portable computers 50%
Other office equipment 20%

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes.

Leases

Operating lease rentals are charged to the Profit and Loss Account on a straight-line basis over the course of the lease period. The benefits of rent free periods and similar incentives are credited to the Profit and Loss Account on a straight-line basis over the period up to the date on which the lease rentals are adjusted to the prevailing market rate.

Own shares held

The Company's own shares held by the Electrocomponents Employee Trust are deducted from shareholders' funds until they vest unconditionally with employees as required by UITF 38: Accounting for ESOP Trusts.

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 March 2009

1 Profit for the financial year

The profit dealt with in the accounts of the Company is £61.3m (2008: £42.5m). A separate profit and loss account has not been presented in respect of the Company, as provided by Section 230 of the Companies Act 1985.

Disclosure of the audit fees payable to KPMG Audit plc for the audit of Electrocomponents plc's financial statements is made in note 3 of the Group accounts.

2 Employees

Numbers employed

	2009	2008
The average number of employees during the year was:		
Management and administration	26	26
Distribution and marketing	9	10
	35	36

Aggregate employment costs

	£m	£m
Wages and salaries	2.8	4.5
Social security costs	0.4	0.5
Equity-settled transactions	0.4	(0.2)
Pension costs	0.6	0.5
	4.2	5.3

The remuneration of individual Directors is detailed on page 32.

3 Share based payments

Details of the share based payment schemes that existed during the year are given in note 6 to the Group accounts.

Number and weighted average exercise prices of share options

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
In thousands of options	2009	2009	2008	2008
Outstanding at the beginning of the year	199p	6,244	217p	6,310
Forfeited during the year	97p	(697)	299p	(15)
Lapsed during the year	325p	(1,390)	232p	(548)
Exercised during the year	n/a	–	n/a	–
Granted during the year	12p	588	5p	497
Outstanding at the end of the year	119p	4,745	199p	6,244
Exercisable at the end of the year	–	–	–	–

The options outstanding at 31 March 2009 have an exercise price in the range 0p to 686p and a weighted average contractual life of 5.7 years.

Employee expenses

	2009	2008
	£m	£m
Share options granted in 2005/06	–	(0.5)
Share options granted in 2006/07	0.2	0.2
Share options granted in 2007/08	0.2	0.1
Share options granted in 2008/09	–	–
Total expense recognised as employee costs	0.4	(0.2)

4 Pension schemes

The UK defined benefit scheme is described in note 7 to the Group accounts. The last actuarial valuation of the UK scheme was carried out as at 31 March 2007 and has been updated to 31 March 2009 by a qualified independent actuary in accordance with FRS 17. The deficit on the UK scheme is included within the balance sheet of RS Components Ltd, a subsidiary of Electrocomponents plc, as it is this company which employs the majority of the scheme members. As allowed by FRS 17, the deficit has not been split between Electrocomponents plc and RS Components Ltd as it is not possible to do so on a consistent and reasonable basis. This disclosure therefore relates to the UK pension scheme rather than just the Electrocomponents plc portion of it.

As part of the formal triennial valuation of the United Kingdom defined benefit pension scheme at 31 March 2007, which has been agreed in principle with the Trustee of the scheme, the Group considered the prospective future cost and volatility of the UK defined benefit scheme structure. This has led to the Group concluding a consultation, on 3 April 2008, with the membership of the scheme over a number of changes. The changes are designed to reduce the cost and volatility of maintaining the UK defined benefit scheme going forward and were applied from June 2008.

The principal assumptions used in the valuation of the liabilities of the scheme were:

	2009	2008	2007
Discount rate	6.25%	5.90%	5.25%
Rate of increase in salaries	2.55%	3.80%	3.85%
Rate of increase of pensions in payment	3.00%	3.60%	3.10%
Inflation assumption	3.00%	3.60%	3.10%

The assumption on the rate of increase of salaries has been limited. This is due to the introduction of salary capping entitlement arrangements with respect to the defined benefit pension scheme in June 2008.

The expected long-term rates of return on the scheme assets as at 31 March were:

	2009	2008	2007
Equities	7.20%	7.60%	7.40%
Corporate bonds	5.75%	5.40%	4.50%
Diversified growth funds	6.70%	7.10%	n/a
Enhanced matching funds	3.40%	4.25%	n/a
Government bonds	3.70%	4.10%	3.90%
Cash	0.00%	4.75%	4.50%

The valuation of the assets of the scheme as at 31 March was:

	2009 £m	2008 £m	2007 £m
Equities	79.9	113.2	203.7
Corporate bonds	14.4	14.6	24.0
Government bonds	16.5	18.9	41.6
Diversified growth funds	94.0	98.9	–
Enhanced matching funds	34.8	27.9	–
Cash	0.7	0.9	2.6
Total market value of assets	240.3	274.4	271.9

The valuation of the scheme as at 31 March was:

	2009 £m	2008 £m
Total market value of assets	240.3	274.4
Present value of scheme liabilities	(246.6)	(296.2)
Deficit in the scheme recognised in the accounts of RS Components Ltd	(6.3)	(21.8)
Related deferred tax asset	1.8	6.1
Net pension liability	(4.5)	(15.7)

In addition, the value of the assets held in respect of AVCs amounted to £0.6m as at 31 March 2009 (2008: £0.9m). The value of the assets held in respect of the defined contribution section of the scheme amounted to £7.4m (2008: £6.3m).

NOTES TO THE COMPANY ACCOUNTS

continued

4 Pension schemes continued

The amounts (credited) charged to the Profit and Loss Account are as shown below. The charge has been allocated between RS Components Ltd and Electrocomponents plc based upon the pensionable salaries of current employees. The actuarial (loss) gain on the UK scheme is included within the Statement of Total Recognised Gains and Losses of RS Components Ltd, as it is this company which employs the majority of the scheme members.

	2009 £m	2008 £m
Current service cost	4.9	5.6
Past service cost	(5.2)	–
Effect of curtailment	(11.5)	–
Interest cost	17.3	16.0
Expected return on scheme assets	(19.0)	(18.1)
Total profit and loss account (credited) charge included in the accounts of Electrocomponents plc and RS Components Ltd	(13.5)	3.5

The amount included within the statement of total recognised gains and losses in RS Components Ltd was:

	2009	2008	2007	2006	2005
Actual less expected return on scheme assets (£m)	(52.5)	(18.6)	(1.5)	36.1	4.2
As a % of scheme assets	(21.8%)	(6.8%)	(0.6%)	14.2%	2.1%
Experience gains and losses arising on the scheme liabilities (£m)	(5.3)	4.3	(0.8)	0.1	7.7
As a % of scheme liabilities	(2.1%)	1.5%	(0.3%)	0.0%	3.2%
Changes in the assumptions underlying the present value of the scheme liabilities (£m)	(4.1)	18.9	1.3	(32.0)	(10.1)
Actuarial (loss) gain recognised in the statement of total recognised gains and losses (£m)	(4.1)	4.6	(1.0)	4.2	1.8
As a % of scheme liabilities	(1.7%)	1.6%	(0.3%)	1.5%	0.8%

The movement in the deficit was:

	£m
Deficit in the scheme at the beginning of the year	(21.8)
Movement in the year:	
Current service cost	(4.9)
Past service cost	5.2
Contributions	6.1
Other finance expense	1.7
Effect of curtailment (see note 4 to the Group accounts)	11.5
Actuarial (loss)	(4.1)
Deficit in the scheme at the end of the year	(6.3)

5 Dividends

	2009 £m	2008 £m
Amounts recognised in the period:		
Final dividend for the year ended 31 March 2008 – 12.6p (2007: 12.6p)	54.8	54.8
Interim dividend for the year ended 31 March 2009 – 5.0p (2008: 5.8p)	21.8	25.2
	76.6	80.0
Proposed dividend for the year ended 31 March 2009 – 6.0p	26.1	

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these accounts.

6 Tangible fixed assets

Cost	Land and buildings £m	Plant and machinery £m	Computer systems £m	Total £m
At 1 April 2008	21.5	9.2	0.4	31.1
Additions	–	–	–	–
At 31 March 2009	21.5	9.2	0.4	31.1

Depreciation				
At 1 April 2008	3.9	8.7	0.4	13.0
Charged in the year	0.4	0.1	–	0.5
At 31 March 2009	4.3	8.8	0.4	13.5

Net book value				
At 31 March 2009	17.2	0.4	–	17.6
At 31 March 2008	17.6	0.5	–	18.1

Net book value of land and buildings	2009 £m	2008 £m
Freehold land	4.6	4.6
Freehold buildings	12.5	12.9
Leasehold buildings	0.1	0.1
	17.2	17.6

All classes of tangible fixed assets are depreciated except freehold land.

7 Investments: subsidiary undertakings

Cost	Shares £m	Loans £m	Total £m
At 1 April 2008	180.4	209.8	390.2
Additions	0.5	–	0.5
Disposals	–	(20.3)	(20.3)
At 31 March 2009	180.9	189.5	370.4

Provisions			
At 1 April 2008	–	15.4	15.4
Released in the year	–	–	–
At 31 March 2009	–	15.4	15.4

Net book value			
At 31 March 2009	180.9	174.1	355.0
At 31 March 2008	180.4	194.4	374.8

A list of the principal subsidiary undertakings held by the Company is disclosed in note 15 to the Group accounts.

The cost of share-based incentives in respect of shares in the Company granted to employees of Group companies other than Electrocomponents plc, is treated as an increase in investments with the corresponding credit taken direct to reserves.

The addition of £0.5m during the year relates to the cost of share-based incentives in respect of shares in the Company granted to employees of other Group companies.

NOTES TO THE COMPANY ACCOUNTS

continued

8 Own shares

At 31 March 2009, a total of 308,417 (2008: 308,417) ordinary shares in the Company were held by the Electrocomponents Employee Trust, all of which were under option to employees for a nominal consideration. During the year no ordinary shares in the Company were purchased by the trustees (2008: nil). The market value of the shares at 31 March 2009 was £386,292 (2008: £561,319).

9 Debtors

	2009 £m	2008 £m
Amounts owed by subsidiary undertakings	51.4	10.6
Prepayments and accrued income	1.1	–
Amounts falling due within one year	52.5	10.6

10 Creditors

	2009 £m	2008 £m
Bank overdrafts (unsecured)	25.2	30.5
Current instalments of loans (note 11)	0.5	4.3
Amounts owed to subsidiary undertakings	46.8	22.8
Other taxation and social security	–	0.1
Accruals and deferred income	5.3	7.7
Amounts falling due within one year	77.8	65.4
Amounts falling due after more than one year:		
Loans repayable after more than one year (note 11)	152.8	165.2
	230.6	230.6

11 Loans

	2009 £m	2008 £m
Australian Dollar bank loans	0.5	0.8
Danish Krone bank loans	–	1.4
Euro bank loans	40.1	32.0
Sterling bank loans	0.8	52.7
Hong Kong Dollar bank loans	6.5	2.1
Japanese Yen bank loans	7.8	34.5
Singapore Dollar bank loans	3.0	5.9
South African Rand bank loans	3.9	7.5
US Dollar bank loans	90.7	32.6
	153.3	169.5
Amounts falling due within one year or on demand	(0.5)	(4.3)
	152.8	165.2
Loans repayable in more than one but not more than two years	–	165.2
Loans repayable in more than two but not more than five years	152.8	–
	152.8	165.2

The bank loans are at variable rates of interest and are unsecured.

12 Provisions for liabilities and charges

	Deferred taxation £m
At 1 April 2008	0.2
Profit and loss account	0.9
At 31 March 2009	1.1

	2009 £m	2008 £m
Deferred taxation		
Amounts provided:		
Accelerated capital allowances	1.1	1.0
Share schemes	–	(0.8)
	1.1	0.2

13 Lease commitments

At 31 March 2009 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Motor Vehicles		Land and Buildings	
	2009 £m	2008 £m	2009 £m	2008 £m
Within one year	–	–	–	–
Within two to five years	0.1	0.1	–	–
After five years	–	–	0.3	0.3
	0.1	0.1	0.3	0.3

14 Contingent liabilities

Guarantees in respect of bank facilities available to certain subsidiaries up to a maximum of £32.2m (2008: £24.8m), of which £18.0m (2008: £14.0m) had been drawn down by the end of the year.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

15 Share capital

	2009 Number of shares	2008 Number of shares	2009 £m	2008 £m
Ordinary shares of 10p each:				
Authorised	500,000,000	500,000,000	50.0	50.0
Called up and fully paid:				
At 1 April 2008	435,350,416	435,325,007	43.5	43.5
New share capital subscribed	10,312	25,409	–	–
At 31 March 2009	435,360,728	435,350,416	43.5	43.5

All of the new share capital subscribed in 2009 related to the exercise of share options.

NOTES TO THE COMPANY ACCOUNTS

continued

16 Reserves

	Share premium account £m	Own shares held £m	Hedging Reserve £m	Profit and loss account £m	Retained earnings £m	Total £m
At 1 April 2008	38.7	(1.7)	(2.6)	211.5	207.2	245.9
Profit for the year	–	–	0.8	61.3	62.1	62.1
Dividend	–	–	–	(76.6)	(76.6)	(76.6)
Equity-settled transactions	–	–	–	0.9	0.9	0.9
At 31 March 2009	38.7	(1.7)	(1.8)	197.1	193.6	232.3

The own shares held reserve represents the cost of shares in Electrocomponents plc purchased in the market and held by the Electrocomponents Employee Trust to satisfy options under the Group's share option schemes.

17 Reconciliations of movements in shareholders' funds

	2009 £m	2008 £m
Profit for the year	61.3	42.5
Dividend	(76.6)	(80.0)
Gain (loss) on cash flow hedges	0.8	(3.2)
Equity-settled transactions	0.9	0.9
New share capital subscribed	–	–
Net (reduction) in equity	(13.6)	(39.8)
Equity shareholders' funds at the beginning of the year	289.4	329.2
Equity shareholders' funds at the end of the year	275.8	289.4

FIVE YEAR RECORD
Year ended 31 March

			Restated	Restated	Restated
	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Revenue	974.6	924.8	877.5	828.5	773.9
Operating profit	103.5	102.7	93.1	68.5	100.8
Provision for RoHS	–	–	–	4.0	–
Pension changes/reorganisation (income) costs	(9.9)	1.0	(0.8)	3.7	–
Headline operating profit	93.6	103.7	92.3	76.2	100.8
Net interest payable	(7.0)	(7.3)	(5.9)	(3.4)	(0.9)
Profit before tax	96.5	95.4	87.2	65.1	99.9
Provision for RoHS	–	–	–	4.0	–
Pension changes/reorganisation (income) costs	(9.9)	1.0	(0.8)	3.7	–
Headline profit before tax	86.6	96.4	86.4	72.8	99.9
Tax	(30.3)	(31.5)	(29.6)	(21.5)	(32.3)
Profit for the year attributable to the equity shareholders	66.2	63.9	57.6	43.6	67.6
Non-current assets	370.5	321.5	327.1	342.0	323.2
Current assets	350.9	363.8	344.4	357.6	348.6
Current liabilities	(160.1)	(168.3)	(226.4)	(163.1)	(155.9)
Non-current liabilities	(258.5)	(235.2)	(145.8)	(207.1)	(166.0)
Net assets	302.8	281.8	299.3	329.4	349.9
Number of shares in issue:					
Weighted average (excluding own shares held)	435.0	435.0	434.9	434.9	434.9
Year end	435.4	435.4	435.3	435.3	435.3
Dividend per share (pence)	17.6	18.4	18.4	18.4	18.4
Average number of employees	6,025	6,090	5,451	5,206	4,993
Share price at 31 March (pence)	125.5	182.0	289.5	280.0	247.5

ADDITIONAL INFORMATION FOR ELECTROCOMPONENTS PLC SHAREHOLDERS

Set out below is a summary of certain provisions of the Company's current Articles of Association (the "Articles") and applicable English law concerning companies (the Companies Act 2006, the 'Companies Act'). This is a summary only and the relevant provisions of the Articles or the Companies Acts should be consulted if further information is required. Any amendments to the Articles of the Company may be made in accordance with the provisions of the Companies Acts by way of special resolution. A new set of articles will be adopted at the Annual General Meeting to be held on 17 July 2009 and to be effective from 1 October 2009. Further details are set out in the Notice of the Annual General Meeting.

Dividends and distributions

Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25 per cent interest (as defined in the Articles) if such a person has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Act.

Voting Rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person and every duly appointed proxy has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the shares.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition no member shall be entitled to vote if he has been served with a notice after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Deadlines for exercising voting rights

Voting rights may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the relevant law, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The Directors may, in the case of shares in certificated form, at their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Directors may also refuse to register an allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly. If the Directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee a notice of the refusal.

Subject to statutes and applicable CREST rules, the Directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Appointment and replacement of Directors

Directors shall be no less than three and no more than 12 in number. A Director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of Directors.

Any Director who was elected or last re-elected a Director at or before the Annual General Meeting held in the third calendar year before the current calendar year shall retire by rotation. In addition, each Director, (other than the Chairman and any director holding an executive office) shall retire at each Annual General Meeting following the ninth anniversary of the date on which he was elected. A retiring Director is eligible for re-election.

The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in these Articles). Any such Director shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Powers of the Directors

Subject to the Articles, the Companies Acts and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Significant Agreements: Change of control

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

Amendment of Articles of Association

Any amendments to the Articles of the Company may be made in accordance with the provisions of the Companies Acts by way of special resolution.

A special resolution will be put to the Annual General Meeting to be held on 17 July 2009 to amend the articles of association of the Company, to be effective from 1 October 2009.

REGISTERED OFFICE, ADVISERS AND FINANCIAL CALENDAR

Registered Office

Electrocomponents plc

International Management Centre
8050 Oxford Business Park North
Oxford OX4 2HW
United Kingdom
Tel: (44) (0) 1865 204000
Fax: (44) (0) 1865 207400
Website: www.electrocomponents.com

Shareholder Services

Shareview

A website, www.shareview.co.uk, has been developed by Equiniti, the Company's registrar, enabling shareholders to access shareholdings online. The website provides information useful to the management of investments together with an extensive schedule of frequently asked questions.

In order to view shareholdings the shareholder reference number is required which can be found at the top of share certificates or on the last dividend tax voucher.

Financial Calendar

Announcement of results

The results of the Group are normally published at the following times.

Half-Yearly results for the six months to 30 September in early November.

Preliminary announcement for the year to 31 March in late May/early June. Report and Accounts for the year to 31 March in June.

Dividend payments

Current policy is to make dividend payments at the following times:

Interim dividend in January.

Final dividend in July.

2009 final dividend:

Ex-dividend date 24 June

Record date 26 June

Annual General Meeting 17 July

Dividend paid 24 July

Advisers

Auditors

KPMG Audit Plc
PO Box 695, 8 Salisbury Square
London EC4Y 8BB

Merchant Bankers

Citigroup
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Registrars and transfer office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Solicitors

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Stockbrokers

UBS
1 Finsbury Avenue
London EC2M 2PP

PRINCIPAL LOCATIONS

United Kingdom

UK
rswww.com

Global exports
www.rs-export.com

Continental Europe

Austria
www.rs-components.at

Belgium
www.rsonline.be

Denmark
www.rsonline.dk

France
www.radiospares.fr

Germany
www.rsonline.de

Ireland
www.radionics.ie

Italy
rswww.it

Netherlands
www.rsonline.nl

Norway
www.rsonline.no

Portugal
www.rsportugal.com

Spain
www.rsonline.es

Sweden
www.rsonline.se

North America

Canada
www.alliedelec.com

USA
www.alliedelec.com

Asia Pacific

Australia
www.rsaustralia.com

Chile
www.rschile.cl

China
www.rsprc.com

Hong Kong
www.rshongkong.com

India
www.rsindia.com

Japan
rswww.co.jp

Malaysia
www.rsmalaysia.com

New Zealand
www.rsnewzealand.com

Philippines
www.rsphilippines.com

Singapore
www.rssingapore.com

South Africa
www.rssouthafrica.com

Taiwan
www.rstaiwan.com

Thailand
www.rsthailand.com

MORE INFORMATION

**GET MORE ONLINE
WWW.ELECTROCOMPONENTS.COM**

**1 ACCESS THE LATEST
SHAREHOLDER
INFORMATION**

- Updates via email
- Latest share price
- Corporate governance

**2 VIEW ARCHIVE
INFORMATION**

- Company reports
- Company presentations
- Results and trading updates

**3 SHAREHOLDER
SERVICES**

- Register online
- Shareview
- Frequently asked questions



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Oxford OX4 2HW
United Kingdom

t: (44) (0) 1865 204000

f: (44) (0) 1865 207400

w: www.electrocomponents.com



Mixed Sources

Product group from well-managed
forests, controlled sources and
recycled wood or fiber

www.fsc.org Cert no. SG5-COC-1732
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