

Results for the Fourth Quarter and Financial Year ended 1 February 2009

Key Financials £m Continuing operations (unaudited)	Q4 08/9 (13 weeks) £m	Q4 07/8 (14 weeks) £m	Q4 growth	FY 08/9 (52 weeks) £m	FY 07/8 (53 weeks) £m	FY growth
Revenue	200.2	197.7	-8% ^(a)	804.4	744.7	+1% ^(a)
Total operating profit	17.1	23.8	-41% ^(a)	85.4	88.0	-13% ^(a)
Underlying operating profit ^(b)	20.5	23.8	-30% ^(a)	88.8	88.0	-9% ^(a)
Total profit before taxation	13.0	20.3	-36%	72.8	71.2	+2%
Underlying profit before tax ^(c)	16.4	19.6	-16%	72.5	70.3	+3%
Basic earnings per share						
- total	2.5p	4.2p	-40%	14.3p	10.0p	+43%
- continuing operations	2.5p	4.2p	-40%	14.3p	13.7p	+4%
Underlying earnings per share ^(c)						
- total	3.1p	4.0p	-23%	13.9p	9.7p	+43%
- continuing operations	3.1p	4.0p	-23%	13.9p	13.4p	+4%
Ordinary dividend	5.2p ^(d)	5.2p	-	9.4p ^(d)	9.2p	2%

Notes:

- (a) Throughout this statement, in order to reflect underlying business performance, sales growth is based on sales per day for continuing businesses at constant exchange rates and for like periods, and growth in operating profit is calculated at constant exchange rates, unless otherwise stated.
- (b) Underlying operating profit excludes restructuring costs of £3.4 million incurred in the fourth quarter (2007/8: nil).
- (c) Underlying profit before taxation and earnings per share excludes restructuring costs of £3.4 million incurred in the fourth quarter (2007/8: nil) and excludes gains on the purchase and cancellation of preference shares in the first nine months of £3.7 million (2007/8: first nine month £0.2 million, fourth quarter £0.7 million).
- (d) Proposed final dividend for approval by shareholders at the Company's Annual General Meeting on 16 June 2009

Strategic Highlights

- We have outperformed difficult markets as we maintain focus on our strategic direction – Electronic Design Engineering (EDE) sales outperformed Maintenance, Repair and Operations (MRO) sales, web sales have continued to grow and internationalisation plans continue to deliver sales growth.
- Marketing and Distribution Division (MDD) fourth quarter web sales grew by 13% with eCommerce sales now accounting for a total of 35% of MDD revenue and Farnell Europe achieving 51% as we remain on track to meet our strategic target of driving the web as our primary channel.
- We have now announced further restructuring actions to move us towards a permanent 2% reduction in operating expenses as percentage of sales. These actions, which result from the growing operational efficiencies that we are able to achieve from our web transition, will deliver an annualised benefit of £6 million. We anticipate the cost of these actions in Q1 of FY10 to be £4 million.
- Developing international markets continue to provide strong sales growth with fourth quarter sales in Eastern Europe and China up 58% and 15%, respectively, and India up 24% sequentially.
- Acquisition of our Eastern European distributor completed in the quarter, extending our customer reach into Poland, Hungary and the Czech Republic.

Financial Highlights

- Gross margin for the full year was 39.6% (2007/8: 39.7%) with stability having now been maintained for over 3 consecutive years, despite the more challenging conditions.
- Restructuring actions announced in December 2008 executed as planned and will deliver an annualised benefit of £12 million with the one-off associated cost of £3.4 million recognised in the Q4 results.
- Cash performance strong with cash generated from continuing operations in the fourth quarter, excluding restructuring, representing 168% (2007/8: 129%) of underlying operating profit and 117% in the full year (2007/8: 111%). This reflects the balancing of our working capital components to match activity levels and investing to support our inventory proposition. Free cash flow for the year of £54.4 million, excluding restructuring costs, up 31% (2007/8: £41.4 million).

- Refinancing agreed in the fourth quarter with £150 million bank facilities secured until January 2013.
- Full year underlying profit before tax of £72.5 million (2007/8: £70.3 million) an increase of 3% on the prior year with underlying earnings per share from continuing operations up 4% to 13.9 pence. Full year profit before tax of £72.8 million (2007/8: £71.2 million).
- The board recommends a final ordinary dividend of 5.2 pence per share to give a full year dividend of 9.4 pence per share (2007/8: 9.2 pence per share).

Commenting on the results, Harriet Green, Chief Executive Officer, said:

We are continuing to drive our strategy despite the more challenging markets. Whilst we are encouraged by our strategic progress and our outperformance of these markets, we are dissatisfied with our business results. With our strategy, the strength of the Premier Farnell team and our ability to capitalise on the opportunities in the supply chain, we can perform better; all supported by our strong cash generation and further investments in our proposition and inventory position.

Internationalisation continues to provide ongoing growth, the EDE segment is performing better than the MRO segment and our web performance further underpins the actions we are taking to accelerate our transformation. The Board believes that the continuing implementation of the strategy and the ongoing restructuring will strengthen the business both to withstand the current more challenging markets and for future growth through an enhanced focus on our customers.

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Premier Farnell's announcements and presentations are published at www.premierfarnell.com, together with business information, the 2008 Annual Report and Accounts, and links to all other Group web sites.

The 2009 Annual Report and Accounts will be available online from 7 May 2009.

The results for the first quarter of the financial year to 31 January 2010 will be announced on Thursday, 11 June 2009.

STATEMENT ON FOURTH QUARTER AND FINANCIAL YEAR ENDED 1 FEBRUARY 2009

Premier Farnell plc, the leading multi-channel, high service distributor supporting millions of engineers and purchasing professionals globally, announces its results for the fourth quarter and financial year ended 1 February 2009.

Note: Throughout this statement, in order to reflect underlying business performance, sales growth is based on sales per day for continuing businesses at constant exchange rates and for like periods, and growth in operating profit is calculated at constant exchange rates, unless otherwise stated.

In addition, underlying operating profit excludes restructuring costs of £3.4 million incurred in the fourth quarter (2007/8: nil), and underlying profit before taxation and earnings per share excludes restructuring costs of £3.4 million incurred in the fourth quarter (2007/8: nil) and excludes gains on the purchase and cancellation of preference shares in the first nine months of £3.7 million (2007/8: first nine month £0.2 million, fourth quarter £0.7 million).

Chief Executive's Operational Overview

Our results for the full year reflect the benefits of the continued focus on our strategic transformation and the acceleration of that transformation in increasingly challenging global markets. We have continued to outperform our markets and the strategic assumptions we made two years ago continue to be validated – the Electronic Design Engineer (EDE) market is outperforming Maintenance, Repair and Operations (MRO), the web is continuing to deliver growth and attract new customers, and our developing international markets, specifically China, India and Eastern Europe remain our fastest growing markets. We have the right strategy for the times, and we are pleased by the progress we've made.

In common with many other companies and reflecting both the months of December and January in our fourth quarter, our performance has been impacted by the rapidly changing global economy, with our Marketing and Distribution Division (MDD) sales declining 8.2%, which is an outperformance of our markets. In North America the Semiconductor Industry Association (SIA) reported a decline of 25.9% for the quarter ended 31 January 2009 and the National Electronic Distributors Association (NEDA) reported a decline of 16.5% for the months of November and December combined. In the UK the Association of Franchised Distributors of Electronic Components (AFDEC) reported a decline of 12.7%, excluding Farnell, for the months of December and January. In MDD Europe and Asia Pacific, where our strategic transformation is most advanced, we continued to see strong sales growth in our developing markets: Eastern Europe and China grew 57.7% and 14.8%, respectively, while India, which completed its first year as part of the Group, was up 23.8% sequentially. Our focus on growing our footprint and sales in these regions positions us well in current market conditions. The web has also continued to attract new customers and in Farnell Europe we are now achieving 51% of sales via eCommerce channels, surpassing the low end of our target range well ahead of schedule.

Gross margin for the full year was 39.6%, compared to 39.7% in the prior year, representing over three full years of gross margin stability; this is one of the pillars of our strategic transformation and a differentiator in our market. Our commitment to margin stability is ongoing and we will continue to manage this effectively. Despite the significant challenges we face, we continue to support our strategic opportunities and during the year we invested approximately £8.0 million of incremental revenue spend to support further growth and transformation in EDE, the web and developing international markets.

Managing our Shape

We continue to transition our MDD business to transact 50-70% of sales via the web and are embracing its transformative power within our operations. Through greater alignment of our rich web environment with our back office systems, we are able to permanently affect changes to our cost base and improve our structure to ensure we are well positioned to capitalise on opportunities in our target markets and constantly meet the changing needs of our customers.

We anticipate that over the course of the next two years our web transition will enable us to reduce operating expenses as a percentage of sales by 2 percentage points, which currently amounts to approximately £16 million. We have already started this work, and in the fourth quarter we reduced our global employee headcount by nearly 300 positions. The annualised benefit of the actions already taken is approximately £12 million, of which £4 million was achieved through the benefit of our web transition.

Subsequent to quarter end we have taken further action to restructure our branch network in North America and rationalise our structure in Europe. We anticipate that the benefit of these further actions will deliver further savings on an annualised basis of £6 million, and result in a one-off cost in the first quarter of £4 million.

Therefore, since November 2008 we have taken actions that in total will have reduced our cost base by £18 million.

In North America, detailed customer transition plans are in place to support a move to our expanded contact centre where we have invested in additional headcount in order to ensure that our important one-to-one customer support continues and to our rich web environment.

Web

Web sales grew another 12.8% during the quarter and total eCommerce sales now represent 35% of total MDD sales. We are delighted by the performance of Farnell Europe which is now achieving 51% of total sales via eCommerce channels, exceeding our original 50% target one year early. Towards the end of the quarter we had a record day with more than 100,000 unique visitors working within our European web environments, demonstrating the power of this channel particularly in these challenging times. Continued progress was made in North America with web sales up 8.4% in the quarter.

Progress has continued in all of our regions on the web, as the tools we introduced throughout the year have continued to add traction for our EDE and profitable MRO customers. iBuy continues to be attractive for customers across Europe, with more than 1,000 now using this self-service eProcurement solution. The simplicity of iBuy has resulted in strengthened customer loyalty and increased frequency of orders. We have received lots of feedback from customers about this application and will be launching an upgrade in the coming months to further improve its usability. eQuotes which was launched in North America in the third quarter, continues to attract new customers and drive new business as customers respond to this innovative solution to receiving quotes and converting them into an order. New websites in Latvia, Lithuania and Estonia were also launched in the quarter as we continue to target expansion across Eastern Europe. During the quarter we also added a 'Customers also bought' tool to our global websites and introduced new search functionality to support our EDE customers who are hungry for our rich product data.

Refinement and testing of our eCommunity is ongoing as we ensure that the programmes we have put in place create valuable networking and collaborative relationships between the global EDE customer and supplier communities. We have also integrated valuable design tools, calculators and unit converters as well as detailed datasheets including block diagrams and application notes. During the quarter we continued to expand the number of engineers and suppliers who have access to the site and their feedback and enthusiasm for it is encouraging. We are looking forward to launching the full suite of interactive Web 2.0 tools during the second quarter.

EDE

EDE continues to outperform MRO and grew 1.8% in the year. We have continued to develop our offering to ensure that we are able to grow sales to this customer segment and attract new customers to our global proposition.

Many companies are responding to the global economic slowdown by liquidating inventory, which will result in an even greater need for our high service, high stock proposition as customers must continue to meet their time sensitive demands. With a broad range of products from over 3,500 suppliers, we are well positioned to meet customer needs caused by this shortage of inventory. Our strong cash generation enabled us to add the 'sticky' products that EDEs want and during the quarter we added 11,000 new EDE centric products, expanded our sales and technical capabilities to better meet the needs of these customers. We also signed agreements with nine new suppliers, including some important additions in lighting and communication whose products are in high demand, supporting fast growing segments.

We have also improved our marketing initiatives to EDE customers, working together with our suppliers to attract new customers to our high service proposition. During the quarter we launched our very own virtual trade show, ecoSphere, where we hosted a conference on high brightness LEDs, a fast growing EDE market. The event was attended by customers, suppliers and industry experts, providing a unique environment for networking and collaboration. Suppliers supported the event by designing their own booths within the ecoSphere to promote their products and interact with customers. We also created a microsite, a product specific catalogue and a technical journal all dedicated to the topic of solid state lighting, ensuring customers received access to a broad range of information and establishing our position as a leader in the market.

Internationalisation

Growth in our developing international markets has continued during the quarter. We were confident that these markets were the right ones for our strategic focus and investment two years ago, and their performance during these unprecedented times has reinforced the future potential available to us. Eastern Europe and China grew 57.7% and 14.8%, respectively, in the quarter, and India was up 23.8% sequentially. In Eastern Europe, where we continue to see many opportunities, we completed our acquisition of part of the trading rights and assets of

Microdis, an authorised distributor for Farnell for many years, giving us expanded customer reach into Poland, Hungary and the Czech Republic. Farnell India has now completed its first year as part of the Group and their proposition for local customers is developing rapidly. We look forward to continued growth going forward.

Industrial Products Division (IPD)

The fourth quarter was again challenging for IPD. Combined sales for the two main businesses, Akron Brass and TPC Wire and Cable, declined 8.9% year on year, reflecting the continuing challenges faced in the US industrial segment. Both businesses have continued to seek opportunities outside their traditional markets. Akron Brass has seen its orders from international markets increase 25.7%, whilst TPC has seen revenue from mining up 24%. We were not able to find a suitable buyer for Cadillac Electric (which represented less than 1 per cent of group turnover). As a consequence we made the decision to close this business at the end of the quarter at no significant cost to the Group.

Outlook

We are continuing to drive our strategy despite the more challenging markets. Whilst we are encouraged by our strategic progress and our outperformance of these markets, we are dissatisfied with our business results. With our strategy, the strength of the Premier Farnell team and our ability to capitalise on the opportunities in the supply chain, we can perform better; all supported by our strong cash generation and further investments in our proposition and inventory position.

Internationalisation continues to provide ongoing growth, the EDE segment is performing better than the MRO segment and our web performance further underpins the actions we are taking to accelerate our transformation. The Board believes that the continuing implementation of the strategy and the ongoing restructuring will strengthen the business both to withstand the current more challenging markets and for future growth through an enhanced focus on our customers.

Financial Results

Note: The fourth quarter was a 13 week accounting period (Q4 2007/8: 14 weeks) and the full year was a 52 week accounting period (full year 2007/8: 53 weeks).

Revenue

Full Year

Sales for the full financial year from continuing operations were £804.4 million (2007/8: £744.7 million or £818.8 million at constant exchange rates). Sales per day from continuing businesses increased 1.0% on the prior year driven by our continued focus on the EDE customer segment, the web and the internationalisation of our business, and was achieved despite the broad based and severe economic slowdown seen in the final quarter of the year. The average exchange rate for the US dollar against sterling was \$1.79 (2007/8: \$2.00) and the average exchange rate for the Euro against sterling was Euro 1.24 (2007/8: Euro 1.44).

Fourth Quarter

Sales for the fourth quarter from continuing operations were £200.2 million (2007/8: £197.7 million or £239.6 million at constant exchange rates). Sales per day from continuing operations decreased by 8.4% although our strategic direction has ensured we continue to outperform the market in what is clearly a challenging economic climate. The average exchange rate for the US dollar against sterling was \$1.47 (2007/8: \$2.00) and the average exchange rate for the Euro against sterling was Euro 1.13 (2007/8: Euro 1.36).

Margins and Operating Profit

Full Year

The gross margin from continuing operations in the full financial year was 39.6% (2007/8: 39.7%) reflecting over three full years of gross margin stability and demonstrating the ongoing achievement of one of our fundamental strategic commitments. Underlying operating profit (i.e. before restructuring costs of £3.4 million incurred in the fourth quarter to reshape the business for the future) was £88.8 million (2007/8: £88.0 million) with underlying operating margin at 11.0% (2007/8: 11.8%) reflecting continued revenue investment in our strategic initiatives, which increased by £8 million on the prior year. Total operating profit from continuing operations was £85.4 million (2007/8: £88.0 million) and total operating margin was 10.6% (2007/8: 11.8%). There was a benefit to operating profit of £9.8 million from the translation of overseas results compared with the prior year, reflecting the relative strength of the US dollar and the Euro when compared to sterling. At constant exchange rates underlying operating profit decreased 9.2% compared with the prior year, or 7.5% after adjusting for the extra week in the prior year.

Fourth Quarter

The gross margin from continuing operations in the fourth quarter was 39.3%. This compares with 39.7% in the prior year or 39.5% at constant exchange rates. Underlying operating profit was £20.5 million (2007/8: £23.8 million), producing an operating margin of 10.2% (2007/8: 12.0%), which reflects the impact of our continued investment in the strategy whilst staying above our current year target of 10%. Total operating profit from continuing operations was £17.1 million (2007/8: £23.8 million). Despite the economic slowdown, we continued our strategic revenue investment, which increased in the quarter by £1.7 million on the prior year to support our EDE and web propositions, together with our international expansion. There was a beneficial impact on operating profit of £5.4 million from the translation of overseas results compared with the prior year, reflecting the weakness of sterling. At constant exchange rates, the decrease in underlying operating profit compared with the prior year was 29.8%, or 24.4% excluding the extra week in the prior year.

Foreign Currency Impact

A one cent movement in the exchange rate between the US dollar and sterling impacts the Group's operating profit by approximately £200,000 per annum, and a one cent movement in the exchange rate between the Euro and sterling impacts the Group's operating profit by approximately £200,000 per annum.

Finance Costs

Net finance costs in the financial year were £12.6 million (2007/8: £16.8 million). This comprises net interest payable of £11.9 million (2007/8: £10.8 million), which was covered 7.5 times by underlying operating profit, and a net charge of £0.7 million (2007/8: £6.0 million) in respect of the Company's convertible preference shares. The increase in net interest payable reflects the negative impact of exchange rates with the benefit of lower interest rates on the Group's bilateral banking facilities, which carry a LIBOR based floating rate of interest, offsetting the interest cost of additional borrowings to fund the Group's purchase and cancellation of preference shares.

During the year, the Company purchased and cancelled 1,824,302 of its preference shares for a total cash consideration of £23.6 million. This resulted in a one-time benefit to finance costs in the year of £3.7 million (first quarter: £3.6 million, third quarter: £0.1 million), being the difference between the book value and fair value of the debt element of the preference shares at the date of purchase. In the prior year, a gain of £0.9 million (second quarter: £0.2 million, fourth quarter: £0.7 million) was recognised from the purchase and cancellation of preference shares. Excluding these gains, the charge in respect of preference shares for the year was £4.4 million (2007/8: £6.9 million), reflecting the benefit of lower preference dividends and a lower redemption premium as a result of the reduction in the number of preference shares in issue over the year.

Profit Before Tax

Full Year

Total profit before tax from continuing operations in the financial year was £72.8 million (2007/8: £71.2 million). Underlying profit before tax (i.e. before restructuring costs of £3.4 million incurred in the fourth quarter (2007/8: nil) and excluding gains on the purchase and cancellation of preference shares in the first nine months of £3.7 million (2007/8: first nine months £0.2 million, fourth quarter: £0.7 million)) from continuing operations in the financial year was £72.5 million (2007/8: £70.3 million), an increase of 3.1% on the prior year, or 5.1% excluding the extra week in the prior year.

Fourth Quarter

Total profit before tax from continuing operations in the fourth quarter was £13.0 million (2007/8: £20.3 million). Underlying profit before tax from continuing operations in the fourth quarter was £16.4 million (2007/8: £19.6 million), a decrease of 16.3% on the prior year, or 9.9% excluding the extra week in the prior year.

Taxation Charge

The taxation charge from continuing operations for the financial year was at an effective rate of 29.0% (2007/8: 28.2%) of profit before tax, preference dividends and the gain on the purchase and cancellation of preference shares.

Acquisition of Microdis

On 16 December 2008, the Group acquired part of the assets and trading rights of Microdis Electronics, part of Microdis Holding AG, used in carrying on its business as an existing authorised distributor of Farnell products in Poland, the Czech Republic and Hungary, for a total cash consideration, including costs, of £1.0 million. The fair value of the intangible assets acquired was £1.0 million which is being amortised over a period of 10 years.

Return on Net Operating Assets and Balance Sheet

The return on net operating assets for the year, based on continuing operations, was 29.6% before restructuring costs (2007/8: 30.2%), compared to our strategic target of 30% and reflects the impact of the relative strength of the US\$ and Euro on our overseas net assets.

The consolidated year end balance sheet has been significantly impacted by the relative strength of currencies compared to sterling with the year end US\$ exchange rate at US\$ 1.44 (3 February 2008: US\$ 1.97) and the Euro rate at Euro 1.13 (3 February 2008: Euro 1.33). The most significant impacts of exchange rate movements on the year end balance sheet compared to the prior year end has been to increase the reported value of inventory by £32 million, trade and other receivables by £22 million, and to increase net financial liabilities by £59 million.

Earnings per Share

Full Year

Total earnings per share for the year were 14.3 pence (2007/8: 10.0 pence) and total earnings per share from continuing operations were 14.3 pence (2007/8: 13.7 pence). Underlying earnings per share from continuing operations were 13.9 pence (2007/8: 13.4 pence), an increase of 3.7%.

Fourth Quarter

Total earnings per share for the fourth quarter were 2.5 pence (2007/8: 4.2 pence). Underlying earnings per share were 3.1 pence (2007/8: 4.0 pence), a decrease of 22.5%.

Cash Flow and Net Financial Liabilities

Net cash generated from continuing operations in the fourth quarter was £32.4 million (2007/8: £30.6 million) or £34.4 million excluding the impact of restructuring costs (2007/8: £30.6 million), representing 189% of operating profit or 168% excluding the impact of restructuring costs, compared to 129% in the prior year. Working capital reduced by £12.3 million in the quarter reflecting a combination of our management of inventory to the sales levels we are experiencing and the impact of lower sales on receivable balances.

Net cash generated from continuing operations for the full year was £102.3 million or £104.3 million excluding restructuring costs (2007/8: £97.8 million) representing 120% of operating profit or 117% excluding the impact of restructuring costs (2007/8: 111%). Full year working capital decreased by £2.7 million as we continue to ensure that our investment in inventory to meet the needs of the EDE is achieved through well controlled working capital management. Free cash flow for the full year, being cash generated from continuing operations less net capital expenditure, interest, preference dividends and tax payments, was £52.4 million, or £54.4 million excluding the restructuring costs, (2007/8: £41.4 million) and includes proceeds from the sale of surplus property of £3.3 million (2007/8: £1.9 million). During the full year, £23.6 million (2007/8: £17.7 million) was spent on purchasing and cancelling the Company's preference shares, and £2.9 million (2007/8: £2.5 million) was spent on purchasing ordinary shares for the Premier Farnell Executive Trust. Proceeds received from prior year business disposals amounted to £0.7 million (2007/8: £24.4 million) and £1.1 million was spent on business acquisitions (2007/8: £0.6 million).

Net financial liabilities at the end of the year were £295.9 million (3 February 2008: £254.1 million), including £59.4 million (3 February 2008: £85.9 million) attributable to the Company's preference shares. The impact of exchange rates in the year was to increase net financial liabilities by £59.2 million, principally in relation to our US\$ denominated private placement loan notes.

Dividend

The Board is recommending a final dividend of 5.2 pence per share (2007/8: 5.2 pence per share), making a total for the year of 9.4 pence per share (2007/8: 9.2 pence per share), an increase of 2%. The final dividend, subject to approval at the Annual General Meeting on 16 June 2009, is payable on 24 June 2009 to shareholders on the register at 29 May 2009. The Board believes that the growth in earnings and increase in free cashflow support the level of dividend proposed. It recognizes the value of the dividend to shareholders and will continue to assess the appropriate level of dividend, taking into consideration the earnings and cash requirements of the Group.

Financial Position

Premier Farnell's financial position remains robust with good liquidity and strong free cash flow. In addition, on 28 January 2009, we announced that we had reached agreement to replace our £200 million bilateral facilities which were due to expire in May 2010, with £150 million syndicate bank facilities. These new facilities expire in

January 2013 and, together with the Group's continuing strong cash generation, provide the necessary level of operational and financial flexibility to meet the Group's funding requirements. Based on these new facilities, our headroom on bank borrowings at the financial year end would have been £37 million, which together with our net cash position of £39 million, gives us a healthy funding position.

The Group anticipates that the combination of free cashflow, existing cash resources and available bank facilities will enable it to meet the repayment of the US\$66 million Senior Notes which become due in May 2010.

Pensions

An actuarial loss of £85.1 million (£53.8 million net of associated deferred tax) has been recognised in the year through the Statement of Recognised Income and Expense relating primarily to the decline in the market value of investments of the US Pension Plan. This plan had a small accounting deficit 1 February 2009 of £2.8 million (3 February 2008: surplus of £53.4 million). The decrease in the pension asset recorded in the balance sheet reflects the actuarial loss, partly offset by the translation benefit from the movement in the US\$ exchange rate. During the fourth quarter we reduced our exposure to the equity markets in the North American plan. The impact of the year end valuations on our defined benefit pension plans will result in an estimated net charge to the income statement in the year ending 31 January 2010 of £4.8 million, compared to net income of £2.2 million in 2008/9.

Operations

Marketing and Distribution Division (MDD)

MDD comprises: Newark, Farnell, Premier Electronics, MCM and CPC.

Continuing businesses	Q4 08/9 <i>(13 weeks)</i> £m	Q4 07/8 <i>(14 weeks)</i> £m	Q4 <i>growth</i>	FY 08/9 <i>(52 weeks)</i> £m	FY 07/8 <i>(53 weeks)</i> £m	FY <i>growth</i>
Revenue	179.8	179.0	-8.2%	727.1	670.9	+1.6%
Total operating profit	16.8	22.8	-37.3%	82.8	84.4	-10.0%
Underlying operating profit*	19.7	22.8	-26.5%	85.7	84.4	-6.8%
Operating margin %	9.3%	12.7%		11.4%	12.6%	
Underlying operating margin %	11.0%	12.7%		11.8%	12.6%	

*excluding fourth quarter restructuring costs of £2.9 million (2007/8: nil)

The Division remains focused on its strategic initiatives and has continued to target growth opportunities. EDE continues to outperform MRO, the web continues to attract new customers and our investments in international markets continue to realise strong positive sales growth in those territories. This focus has ensured that we have continued to outperform in our major markets in the fourth quarter despite the global economic recession. Full year sales for the division grew 1.6% with the fourth quarter showing a decline of 8.2%. The market has changed very rapidly and we have responded through the acceleration of our strategic transformation to ensure that we have the appropriate level of resource committed to our growth initiatives. The underlying operating margin reflects the impact of the sales decline and the revenue investment we are making to accelerate our transformation.

The market conditions, although challenging, are creating new opportunities for us, as many of our customers have begun liquidating their inventory in response to the challenges they face. This is beginning to make our high service model, with 99.6% of all orders delivered the same day or next day, even more valuable as customers are faced with tight deadlines and an immediate need for product.

The results for the 2007/8 financial year covered a 53 week accounting period, compared to the current financial year of 52 weeks, with the fourth quarter last year having the extra week. Excluding the extra week in the prior year, fourth quarter underlying operating profit declined 20.8% and full year declined 5.1%.

There was a beneficial impact on operating profit in the fourth quarter from the translation of overseas results of £4.0 million, reflecting the relative strength of the US dollar (£2.9 million) and the Euro (£1.1 million). For the full financial year, the beneficial impact on operating profit from the translation of overseas results was £7.6 million, reflecting the relative strength of the US dollar (£4.6 million) and the Euro (£3.0 million).

As we continue to accelerate our transition to the web, attract new customers to this content rich channel and improve our operating efficiencies, fourth quarter web sales increased by 12.8% and total eCommerce sales accounted for 34.8% of total sales in the quarter with Farnell Europe at 50.8%, demonstrating our progress towards achieving between 50% and 70% of sales via eCommerce.

The Americas

Newark and MCM.

	Q4 08/9 <i>(13 weeks)</i> £m	Q4 07/8 <i>(14 weeks)</i> £m	Q4 <i>growth</i>	FY 08/9 <i>(52 weeks)</i> £m	FY 07/8 <i>(53 weeks)</i> £m	FY <i>growth</i>
Revenue	91.6	84.9	-11.4%	359.6	326.7	+0.3%
Operating profit	7.0	8.3	-37.5%	32.6	31.0	-8.4%
Underlying operating profit *	7.9	8.3	-29.5%	33.5	31.0	-5.9%
Operating margin %	7.6%	9.8%		9.1%	9.5%	
Underlying operating margin %*	8.6%	9.8%		9.3%	9.5%	

*excluding fourth quarter restructuring costs of £0.9 million (2007/8: nil)

The latest available statistics from the Semiconductor Industry Association (SIA) show a year on year decline in billings in the Americas for the three months ended 31 January 2009 of 25.9%. Sales in MDD Americas for the full year grew 0.3% with the fourth quarter declining 11.4% reflecting the broad based slowing in US markets. We have continued to accelerate the transformation of our Americas business – focusing on the EDE customer segment, the web and internationalisation – to ensure we are appropriately shaped for the future. Underlying operating margin was 8.6% in the fourth quarter and 9.3% for the full year as we manage our strategic investments as appropriate.

We continue to expand our multi-channel offering across North America and subsequent to quarter end we have announced that we have begun to restructure Newark's branch sales network, resulting in the closure of nine branches. A number of employees from these branches will form a part of a new team that will continue supporting customers and maintain our strong presence in these markets. We have invested significantly in our contact centre to ensure that we are able to continue the important one-to-one customer relationships already established, and will continue investing in our web environment to further attract customers to this content rich channel.

During the fourth quarter, Newark's sales declined 11.4% reflecting the challenging market conditions. Despite these results, Newark's sales and marketing model continues to attract EDE customers to our high service proposition. We have continued to strengthen our EDE proposition through the addition of another 5,400 EDE products in the quarter, bringing the total of new EDE products for the year to 27,700. The lighting market, which continues to be one of the fastest growing EDE markets, has provided strong growth and in response to the high demand in this sector, Newark leveraged its technical knowledge and expertise to deliver a global virtual conference on the topic attended by thousands of customers, suppliers and industry leaders. The business also launched a technology journal, a product specific catalogue and a micro-site all dedicated to the subject of solid state lighting. These combined initiatives have helped support a 4.6% fourth quarter sales growth in our small and emerging customer segment.

Web sales in the Americas delivered continued growth in the quarter, up 8.4% on the prior year. During the year we have launched a number of web tools that continue to attract customers. Newark achieved strong daily eCommerce penetration during the quarter, and eCommerce sales now accounting for 21% of total sales for the Division. The continued progress on the web allows us to remove cost associated with some of our other less profitable channels as customers switch to this content rich channel.

MCM's fourth quarter revenue declined 10.9%, reflecting the continued slowdown in home audio/visual equipment and demand from regional consumer electronics retailers in North America. For the year, MCM's sales declined 3.2%. Web sales grew 6.5% and strong progress on the web front has continued with eCommerce sales now represent 51% of total sales. Improvements in online marketing have driven a 49% improvement in web traffic during the quarter and have attracted 30,500 new customers throughout the year.

Europe and Asia Pacific

Farnell, Premier Electronics and CPC.

Continuing businesses	Q4 08/9 (13 weeks)	Q4 07/8 (14 weeks)	Q4 growth	FY 08/9 (52 weeks)	FY 07/8 (53 weeks)	FY growth
	£m	£m		£m	£m	
Revenue	88.2	94.1	-5.3%	367.5	344.2	+2.8%
Operating profit	9.8	14.5	-37.2%	50.2	53.4	-11.0%
Underlying operating profit *	11.8	14.5	-24.4%	52.2	53.4	-7.4%
Operating margin %	11.1%	15.4%		13.7%	15.5%	
Underlying operating margin %*	13.4%	15.4%		14.2%	15.5%	

* excluding fourth quarter restructuring costs of £2.0 million (2007/8: nil)

Sales were down 5.3% in the fourth quarter with the underlying operating margin of 13.4%, reflecting the impact of the sales decline and the investments we are making for the future. The reshaping actions announced in December had a one-off cost of £2.0 million in the quarter with the benefits being realized in the 2009/10 financial year.

Revenue by region Continuing businesses	Q4 08/9 (13 weeks)	Q4 07/8 (14 weeks)	Revenue growth	FY 08/9 (52 weeks)	FY 07/8 (53 weeks)	Revenue growth
	£m	£m		£m	£m	
UK (including exports)	41.7	47.6	-5.2%	176.9	179.1	+0.8%
Mainland Europe	38.3	38.3	-5.7%	155.0	134.4	+4.5%
Asia Pacific	8.2	8.2	-4.8%	35.6	30.7	+6.7%

Mainland Europe continues to be the region in the most advanced stage of our strategic transformation. EDE continued to grow faster than MRO during the fourth quarter, and the business added nearly 6,000 new EDE products to its portfolio to strengthen its proposition to these higher growth customers. Eastern Europe continues to deliver significant opportunities for growth, with sales up 57.7% in the quarter and 68.4% for the full year. The acquisition of part of the assets and trading rights of Microdis Electronics will improve our reach into the Polish, Hungarian and Czech EDE markets. Sales for the Mainland Europe region declined 5.7% in the fourth quarter but grew 4.5% in the full year.

Farnell sales in the UK declined 8.4% in the fourth quarter. The most recent data from the Association of Franchised Distributors of Electronic Components (AFDEC) shows that Farnell has continued to outperform the market, which reported a sales decline for the combined months of December and January of 12.7%, excluding Farnell. CPC's sales declined 3.9% in the quarter with strong growth in lighting and private label products and increased demand for energy efficient replacements, partly offsetting the impact of the challenging wholesale and retail market conditions in the UK. CPC's active customer base continues to grow and the web remains the primary order channel, with web traffic rising by 31% in the quarter. CPC's full year sales were flat year on year, a significant achievement in an overall market which has declined.

In the Asia Pacific region, China and India both continue to drive strong sales growth. In Greater China sales grew 14.8% during the quarter and 39.4% in the full year, reflecting continued strong growth in EDE product sales. Sales in India increased 23.8% sequentially as the business completed its first year as part of the Premier Farnell group. We continue to evaluate opportunities in these regions and invest as appropriate as we drive international opportunities for the group. Whilst sales in Australia and New Zealand were negative 6.1% in the year, the business has benefited from the restructuring in the fourth quarter, as part of the group wide programme, and is now strategically aligned with the opportunities in the local market.

Web sales for MDD Europe and Asia Pacific grew 14.1% in the fourth quarter and eCommerce now represents 46.4% of total sales, and in Farnell Europe they now account for 51% of total sales, surpassing the lower end of our target range. Web tools such as iBuy and new local language websites in Latvia, Lithuania and Estonia continue to attract new customers. In mainland Europe we saw a record day for web visits in January with more than 100,000 people visiting our local language websites across the region. Our broad product offering, the richness of our web environment and the strength of the customer experience continues to attract new customers to this channel, and as such they buy more lines per order on the web than any other channel. In order to support continued expansion of the lines per order a new 'Customers also bought' feature has been added to our global websites.

Industrial Products Division (IPD)

IPD comprises: Akron Brass, TPC Wire & Cable and Cadillac Electric

	Q4 08/9 (13 weeks) £m	Q4 07/8 (14 weeks) £m	Q4 growth	FY 08/9 (52 weeks) £m	FY 07/8 (53 weeks) £m	FY growth
Revenue	20.4	18.7	-12.4%	77.3	73.8	-5.0%
Operating profit	3.0	4.0	-44.4%	14.1	14.8	-17.1%
Underlying operating profit *	3.2	4.0	-40.7%	14.3	14.8	-15.9%
Operating margin %	14.7%	21.4%		18.2%	20.1%	
Underlying operating margin %*	15.7%	21.4%		18.5%	20.1%	

* excluding fourth quarter restructuring costs of £0.2million (2007/8: nil)

Combined fourth quarter and full year sales for Akron Brass and TPC Wire & Cable, which together represent 93% of the IPD Division, declined 8.9% and 2.5%, respectively. Both these businesses are focussing on their successful initiatives to diversify from their traditional North American markets to new product segments and international markets, given the difficult conditions in their domestic markets. Cadillac Electric sales, which represent 7% of total IPD sales and 0.6% of Group sales, declined in the quarter to £0.9 million, reflecting the planned wind down of specific trading activity.

Akron Brass

Fourth quarter sales for Akron Brass were down 3.6% on the prior year but flat year on year, reflecting the slowing demand for fire trucks and school buses in North America, particularly in the fourth quarter. Internationalisation continues at pace, with orders from international markets increasing 25.7% in the quarter, and now representing 21.1% of the business. In addition to international expansion, Akron Brass continues to identify new opportunities in industrial markets and create new products to support areas where the market is growing. New product development for industrial markets has been instrumental in Akron Brass being awarded several large contracts, including an agreement to supply Northrop Grummond with safety systems for a new US Navy Ship.

TPC Wire & Cable

TPC's fourth quarter sales declined 26.9% and were down 8.0% in the full year, reflecting the dramatic slowdown of North America's automobile manufacturing and industrial segments. In order to offset the slowing in its traditional markets, TPC has continued to diversify into new markets including industrial lifting equipment and mining, where revenues are up 177% and 24%, respectively, on the prior year. TPC has also sought to expand into new international markets.

Cadillac Electric

Cadillac Electric's sales in the quarter were £0.9 million, half that of the prior year, reflecting the continued planned wind down of specific trading activity. As we have not found a suitable buyer for this business, we have closed the business and successfully transferred customers and product of the "Hoffman" range to our TPC Wire & Cable business. The closure will be completed by the end of the first quarter of 2009/10 at no significant additional cost to the Group.

This press release contains certain forward-looking statements relating to the business of the Group and certain of its plans and objectives, including, but not limited to, future capital expenditures, future ordinary expenditures and future actions to be taken by the Group in connection with such capital and ordinary expenditures, the expected benefits and future actions to be taken by the Group in respect of certain sales and marketing initiatives, operating efficiencies and economies of scale. 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. Actual expenditures made and actions taken may differ materially from the Group's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Group. These factors include, but are not limited to, the implementation of initiatives supporting the Group's strategy, recruitment and integration of new personnel, the implementation of cost-saving initiatives to offset current market conditions, continued use and acceptance of e-commerce programs and systems, the ability to expand into new markets and territories, the implementation of new sales and marketing initiatives, changes in demand for electronic, electrical, electromagnetic and industrial products, rapid changes in distribution of products and customer expectations, the ability to introduce and customers' acceptance of new services, products and product lines, product availability, the impact of competitive pricing, fluctuations in foreign currencies, and changes in interest rates and overall market conditions, particularly the impact of changes in world-wide and national economies. The Group does not intend to update the forward-looking statements made herein.

Condensed Consolidated Income Statement
For the fourth quarter and financial year ended 1st February 2009

	Notes	2008/9 Fourth quarter (13 weeks) unaudited £m	2007/8 Fourth quarter (14 weeks) unaudited £m	2008/9 Full year (52 weeks) unaudited £m	2007/8 Full year (53 weeks) audited £m
Continuing operations					
Revenue	2	200.2	197.7	804.4	744.7
Cost of sales		(121.6)	(119.3)	(485.6)	(449.2)
Gross profit		78.6	78.4	318.8	295.5
Net operating expenses					
- before restructuring costs		(58.1)	(54.6)	(230.0)	(207.5)
- restructuring costs	3	(3.4)	-	(3.4)	-
Total net operating expenses		(61.5)	(54.6)	(233.4)	(207.5)
Operating profit					
- before restructuring costs		20.5	23.8	88.8	88.0
- restructuring costs	3	(3.4)	-	(3.4)	-
Total operating profit	2	17.1	23.8	85.4	88.0
Finance income (interest receivable)		0.2	0.5	0.7	0.9
Finance costs					
- interest payable		(3.2)	(3.3)	(12.6)	(11.7)
- preference dividends		(0.8)	(1.0)	(3.5)	(5.6)
- premium on redemption of preference shares		(0.3)	(0.4)	(0.9)	(1.3)
- gain on purchase of preference shares		-	0.7	3.7	0.9
Total finance costs		(4.3)	(4.0)	(13.3)	(17.7)
Profit before taxation	3	13.0	20.3	72.8	71.2
Taxation	4	(4.0)	(5.0)	(21.1)	(21.4)
Profit after taxation from continuing operations		9.0	15.3	51.7	49.8
Loss after taxation from discontinued operations		-	-	-	(13.5)
Profit for the period (attributable to ordinary shareholders)		9.0	15.3	51.7	36.3
Earnings per share					
Basic	6	2.5p	4.2p	14.3p	10.0p
Diluted		2.5p	4.2p	14.2p	9.9p
Earnings per share from continuing operations					
Basic	6	2.5p	4.2p	14.3p	13.7p
Diluted		2.5p	4.2p	14.2p	13.6p
Ordinary dividends					
Interim - proposed				4.2p	4.0p
Final - proposed				5.2p	5.2p
Paid				9.4p	9.0p
Impact on shareholders' funds (£m)				34.0	32.7

Condensed Consolidated Statement of Recognised Income and Expense
For the fourth quarter and financial year ended 1st February 2009

	Notes	2008/9 Fourth quarter (13 weeks) unaudited £m	2007/8 Fourth quarter (14 weeks) unaudited £m	2008/9 Full year (52 weeks) unaudited £m	2007/8 Full year (53 weeks) audited £m
Profit for the period		9.0	15.3	51.7	36.3
Net exchange adjustments		16.2	5.2	11.6	6.6
Actuarial losses on pensions and other post-retirement obligations	11	(47.4)	(1.8)	(85.1)	(1.8)
Deferred tax credit on actuarial losses		16.9	0.8	31.3	0.8
Net (losses)/gains not recognised in the income statement	9	(14.3)	4.2	(42.2)	5.6
Total recognised (loss)/income for the period		(5.3)	19.5	9.5	41.9

The accompanying notes form an integral part of this unaudited condensed consolidated financial information.

Condensed Consolidated Balance Sheet

As at 1st February 2009

	Notes	1st February 2009 unaudited £m	3rd February 2008 audited £m
ASSETS			
Non-current assets			
Goodwill		32.5	31.1
Other intangible assets		25.0	20.1
Property, plant and equipment		58.1	55.2
Retirement benefit assets		-	53.4
Deferred tax assets		5.0	0.2
Total non-current assets		120.6	160.0
Current assets			
Inventories		194.3	154.5
Trade and other receivables		128.8	121.2
Cash and cash equivalents	8	39.6	37.6
Total current assets		362.7	313.3
LIABILITIES			
Current liabilities			
Financial liabilities	8	(5.1)	(3.0)
Trade and other payables		(94.5)	(84.3)
Current tax payable		(17.4)	(22.2)
Total current liabilities		(117.0)	(109.5)
Net current assets		245.7	203.8
Non-current liabilities			
Financial liabilities	8	(330.4)	(288.7)
Retirement and other post-employment benefits		(35.3)	(22.0)
Deferred tax liabilities		(6.2)	(33.0)
Total non-current liabilities		(371.9)	(343.7)
NET (LIABILITIES)/ASSETS		(5.6)	20.1
EQUITY			
Ordinary shares		18.3	18.2
Equity element of preference shares		10.4	15.2
Share premium		23.8	23.0
Capital redemption reserve		4.4	2.6
Hedging reserve		(3.7)	(2.9)
Cumulative translation reserve		15.3	3.7
Retained earnings		(74.1)	(39.7)
SHAREHOLDERS' (DEFICIT)/FUNDS	9	(5.6)	20.1

The accompanying notes form an integral part of this unaudited condensed consolidated financial information

Condensed Consolidated Cash Flow Statement
For the fourth quarter and financial year ended 1st February 2009

	Notes	2008/9 Fourth quarter (13 weeks) unaudited £m	2007/8 Fourth quarter (14 weeks) unaudited £m	2008/9 Full year (52 weeks) unaudited £m	2007/8 Full year (53 weeks) audited £m
Cash flows from operating activities					
Operating profit from continuing operations		17.1	23.8	85.4	88.0
Restructuring costs:					
- income statement impact		3.4	-	3.4	-
- cash impact		(2.0)	-	(2.0)	-
Non-cash impact of restructuring costs		1.4	-	1.4	-
Depreciation and amortisation		5.0	4.5	18.0	19.1
Changes in working capital		12.3	5.2	2.7	(4.7)
Additional pension scheme funding (UK defined benefit plan)		(0.7)	(0.8)	(2.9)	(3.1)
Other non-cash movements		(2.7)	(2.1)	(2.3)	(1.5)
Cash generated from continuing operations	7	32.4	30.6	102.3	97.8
Cash generated from discontinued operations	7	-	(0.1)	-	(1.2)
Total cash generated from operations	7	32.4	30.5	102.3	96.6
Interest received		0.2	0.5	0.7	0.9
Interest paid		(5.0)	(4.9)	(12.4)	(11.8)
Dividends paid on preference shares		(1.7)	(2.5)	(3.5)	(5.6)
Taxation paid		(3.9)	(4.7)	(21.9)	(23.1)
Net cash generated from operating activities		22.0	18.9	65.2	57.0
Cash flows from investing activities					
Acquisition of business	5	(1.1)	(0.6)	(1.1)	(0.6)
Disposal of business	5	-	-	0.7	24.4
Proceeds from sale of property, plant and equipment		-	1.8	3.3	1.9
Purchase of property, plant and equipment		(3.1)	(2.1)	(7.0)	(7.1)
Purchase of intangible assets (computer software)		(2.0)	(4.0)	(9.1)	(10.4)
Net cash (used in)/generated from investing activities		(6.2)	(4.9)	(13.2)	8.2
Cash flows from financing activities					
Issue of ordinary shares		-	-	0.9	1.4
Purchase of ordinary shares	9	-	-	(2.9)	(2.5)
Purchase of preference shares	10	-	(14.1)	(23.6)	(17.7)
New bank loans		2.8	10.7	29.5	32.1
Repayment of bank loans		(15.5)	-	(22.8)	(29.3)
Dividends paid to ordinary shareholders		-	-	(34.0)	(32.7)
Net cash used in financing activities		(12.7)	(3.4)	(52.9)	(48.7)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts					
		3.1	10.6	(0.9)	16.5
Cash, cash equivalents and bank overdrafts at beginning of period		34.6	26.5	37.6	21.3
Exchange gains/(losses)		1.3	0.5	2.3	(0.2)
Cash, cash equivalents and bank overdrafts at end of period		39.0	37.6	39.0	37.6
Reconciliation of net financial liabilities					
Net financial liabilities at beginning of period				(254.1)	(281.3)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts				(0.9)	16.5
Increase in debt				(6.7)	(2.8)
Decrease in preference shares				27.4	18.5
Premium on redemption of preference shares				(0.9)	(1.3)
Derivative financial instruments				(1.5)	(2.8)
Exchange movement				(59.2)	(0.9)
Net financial liabilities at end of period	8			(295.9)	(254.1)

The accompanying notes form an integral part of this unaudited condensed consolidated financial information.

Notes

1 Basis of preparation

The unaudited condensed consolidated financial information in this report has been prepared in accordance with International Financial Reporting Standards (IFRSs) and applying the accounting policies disclosed in the Group's 2008 Annual Report and Accounts on pages 74 to 77.

The financial year ended 1st February 2009 was a 52 week period (financial year ended 3rd February 2008: 53 week period) with the fourth quarter being a 13 week period (fourth quarter ended 3rd February 2008: 14 week period).

This financial information does not constitute the Group's 2009 statutory accounts within the meaning of the Companies Act 1985. The Group's 2008 statutory accounts have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not include a statement under Section 237(2) or (3) of the Companies Act 1985. Copies of the Group's Annual Report and Accounts will be posted to all shareholders no later than 7th May 2009. Additional copies will be available from Premier Farnell plc, 150 Armley Road, Leeds, LS12 2QQ, or from the Company's website at www.premierfarnell.com.

2 Segment information

	2008/9 Fourth Quarter (13 weeks)			2007/8
	Before restructuring costs unaudited £m	Restructuring costs unaudited £m	After restructuring costs unaudited £m	Fourth quarter (14 weeks) unaudited £m
Revenue				
Marketing and Distribution Division				
Americas	91.6	-	91.6	84.9
Europe and Asia Pacific	88.2	-	88.2	94.1
Total Marketing and Distribution Division	179.8	-	179.8	179.0
Industrial Products Division	20.4	-	20.4	18.7
	200.2	-	200.2	197.7

Operating profit

Marketing and Distribution Division				
Americas	7.9	(0.9)	7.0	8.3
Europe and Asia Pacific	11.8	(2.0)	9.8	14.5
Total Marketing and Distribution Division	19.7	(2.9)	16.8	22.8
Industrial Products Division	3.2	(0.2)	3.0	4.0
Head Office costs	(2.4)	(0.3)	(2.7)	(3.0)
	20.5	(3.4)	17.1	23.8

	2008/9 Full Year (52 weeks)			2007/8
	Before restructuring costs unaudited £m	Restructuring costs unaudited £m	After restructuring costs unaudited £m	Full Year (53 weeks) audited £m
Revenue				
Marketing and Distribution Division				
Americas	359.6	-	359.6	326.7
Europe and Asia Pacific	367.5	-	367.5	344.2
Total Marketing and Distribution Division	727.1	-	727.1	670.9
Industrial Products Division	77.3	-	77.3	73.8
	804.4	-	804.4	744.7

Operating profit

Marketing and Distribution Division				
Americas	33.5	(0.9)	32.6	31.0
Europe and Asia Pacific	52.2	(2.0)	50.2	53.4
Total Marketing and Distribution Division	85.7	(2.9)	82.8	84.4
Industrial Products Division	14.3	(0.2)	14.1	14.8
Head Office costs	(11.2)	(0.3)	(11.5)	(11.2)
	88.8	(3.4)	85.4	88.0

3 Profit before taxation (continuing operations)

Profit before taxation is stated after charging/(crediting):

	2008/9 Full year (52 weeks) unaudited £m	2007/8 Full year (53 weeks) unaudited £m
Restructuring costs	3.4	-
Share-based payments	0.8	2.3
Defined benefit pension schemes (net)	(2.2)	(2.5)

As noted in its third quarter results announcement on 11th December 2008, the Group has commenced actions to accelerate its strategic transformation to the web. To ensure the Group is appropriately structured for the future, the group has reduced its global employee base during the fourth quarter by approximately 300. The one-off cost related to these headcount reductions was £3.4 million with the annualised benefit of these actions being approximately £12 million.

4 Taxation

The taxation charge represents an effective tax rate for the full year on profit before tax, preference dividends and gain on purchase of preference shares of 29.0% (2007/8: 28.2%).

5 Acquisition/disposal of businesses

On 16th December 2008, the Group acquired the assets and business of Microdis Electronics, the Group's current distributor in Poland, the Czech Republic and Hungary, for a total consideration including costs of £1.0 million of which £0.2 million is payable in 2009. The fair value of the intangible assets acquired was £1.0 million which is being amortised over a period of ten years. The historic trading results and cash flows of this business are not significant.

During the year the Group received £0.7 million following finalisation and agreement of the completion accounts relating to a prior year disposal. There was no income statement impact from this receipt. In addition, during the year the Group paid £0.3 million as planned in respect of prior year acquisitions.

6 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders for the period by the weighted average number of ordinary shares in issue during the period, excluding those shares held by the Premier Farnell Executive Trust. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume issue of all dilutive potential ordinary shares, being those share options and awards with a non-market based performance condition granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year, and those shares with a market based performance condition based on the current estimate of the number of shares that will vest under the performance criteria.

Reconciliations of earnings and the weighted average number of ordinary shares used in the calculations are set out below.

	2008/9			2007/8		
	Full year (52 weeks, unaudited)			Full year (53 weeks, audited)		
	Earnings £m	Basic per share amount pence	Diluted per share amount pence	Earnings £m	Basic per share amount pence	Diluted per share amount pence
Earnings per share						
Profit attributable to ordinary shareholders	51.7	14.3	14.2	36.3	10.0	9.9
Gain on purchase of preference shares	(3.7)	(1.0)	(1.0)	(0.9)	(0.3)	(0.3)
Restructuring costs	3.4	0.9	0.9	-	-	-
Tax attributable to restructuring costs	(1.0)	(0.3)	(0.3)	-	-	-
Profit attributable to ordinary shareholders before gain on purchase of preference shares and excluding restructuring costs	50.4	13.9	13.8	35.4	9.7	9.6
Earnings per share from continuing operations						
Profit after taxation from continuing operations	51.7	14.3	14.2	49.8	13.7	13.6
Gain on purchase of preference shares	(3.7)	(1.0)	(1.0)	(0.9)	(0.3)	(0.3)
Restructuring costs	3.4	0.9	0.9	-	-	-
Tax attributable to restructuring costs	(1.0)	(0.3)	(0.3)	-	-	-
Profit attributable to ordinary shareholders before gain on purchase of preference shares and excluding restructuring costs	50.4	13.9	13.8	48.9	13.4	13.3
			Number			Number
Weighted average number of shares			362,412,369			363,476,320
Dilutive effect of share options			2,678,546			1,913,997
Diluted weighted average number of shares			365,090,915			365,390,317

Earnings per share before the gain on purchase of preference shares and excluding restructuring costs have been provided in order to facilitate year on year comparison.

7 Cash generated from operations

	2008/9	2007/8
	Full year (52 weeks) unaudited	Full year (53 weeks) unaudited
	£m	£m
Continuing operations		
Profit after tax from continuing operations	51.7	49.8
Adjustment for:		
- tax	21.1	21.4
- depreciation	9.0	7.9
- amortisation of intangible assets	9.0	11.2
- profit on sale of property, plant and equipment	(0.4)	(0.8)
- preference dividends	3.5	5.6
- interest income	(0.7)	(0.9)
- interest expense	12.6	11.7
- premium on redemption of preference shares	0.9	1.3
- gain on purchase of preference shares	(3.7)	(0.9)
- additional pension scheme funding (UK defined benefit plan)	(2.9)	(3.1)
- decrease in net pension asset (other defined benefit plans)	(2.8)	(3.0)
- increase in other post-retirement obligations	0.1	-
- share-based payments	0.8	2.3
- non-cash impact of restructuring costs	1.4	-
Changes in working capital (excluding the effect of disposals/acquisitions):		
- increase in inventories	(7.8)	(2.2)
- decrease/(increase) in trade and other receivables	14.1	(6.7)
- (decrease)/increase in trade and other payables	(3.6)	4.2
Cash generated from continuing operations	102.3	97.8
Discontinued operations		
(Loss)/profit after tax from discontinued operation	-	(13.5)
Adjustment for:		
- loss/(gain) on disposal	-	13.6
- tax	-	0.1
- depreciation	-	0.1
- amortisation of intangible assets	-	0.1
- decrease in reorganisation provision	-	(0.1)
Changes in working capital:		
- (increase)/decrease in inventories	-	(0.1)
- decrease in trade and other receivables	-	1.1
- decrease in trade and other payables	-	(2.5)
Cash generated from discontinued operations	-	(1.2)
Total cash generated from operations	102.3	96.6

8 Net financial liabilities

	1st February 2009 unaudited £m	3rd February 2008 audited £m
Cash and cash equivalents	39.6	37.6
Unsecured loans and overdrafts	(271.7)	(202.9)
Net financial liabilities before preference shares and derivatives	(232.1)	(165.3)
Preference shares	(59.4)	(85.9)
Derivative financial instruments (net)	(4.4)	(2.9)
Net financial liabilities	<u>(295.9)</u>	<u>(254.1)</u>

Net financial liabilities are analysed in the balance sheet as follows:

Current assets

Cash and cash equivalents	39.6	37.6
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Current liabilities

Bank overdrafts	(0.6)	-
Other loans	(0.1)	(0.1)
Derivative financial instruments	(4.4)	(2.9)
	<u>(5.1)</u>	<u>(3.0)</u>

Non-current liabilities

Bank loans	(109.8)	(85.7)
5.3% US dollar Guaranteed Senior Notes payable 2010	(45.8)	(33.5)
5.9% US dollar Guaranteed Senior Notes payable 2013	(110.4)	(80.7)
Other loans	(5.0)	(2.9)
Preference shares	(59.4)	(85.9)
	<u>(330.4)</u>	<u>(288.7)</u>

On 28 January 2009, the Group reached agreement to replace its existing £200 million bilateral facilities which were set to expire in May 2010 with £150 million syndicate bank facilities. These new facilities expire in January 2013. Based on these new facilities, the headroom on bank borrowings at the financial year end would have been £37 million.

9 Consolidated statement of changes in shareholders' equity

	2008/9 Full year (52 weeks) unaudited £m	2007/8 Full year (53 weeks) unaudited £m
Shareholders' funds at beginning of year	20.1	12.0
Profit for the year	51.7	36.3
Net gains and losses recognised directly in equity	(42.2)	5.6
Ordinary dividends paid	(34.0)	(32.7)
Ordinary shares issued	0.9	1.4
Purchase of ordinary shares	(2.9)	(2.5)
Purchase of preference shares (note 10):		
- reduction in equity element	(4.8)	(3.2)
- gain arising on equity element	4.8	3.1
- deferred tax	0.8	0.6
Share-based payments	0.8	2.3
Derivative financial instruments	(0.8)	(2.8)
Shareholders' (deficit)/funds at end of year	<u>(5.6)</u>	<u>20.1</u>

During the financial year, the Premier Farnell Executive Trust acquired 1,532,806 of the Company's ordinary shares, through purchases on the London Stock Exchange for a total cash consideration of £2.9 million (2007/8: 1,153,693 ordinary shares for a total cash consideration of £2.5 million), in order to meet future obligations under the Company's performance share plan. This amount has been deducted from shareholders' equity.

10 Purchase of preference shares

During the financial year the Company purchased and cancelled 1,824,302 of its preference shares at a total cash cost of £23.6 million. Based on the book value and fair value of the instrument at the date of purchase, the financial liability element of the preference shares was reduced by £27.4 million and the equity element by £4.8 million. A gain of £3.7 million (£3.6 million in the first quarter and £0.1 million in the third quarter) was recognised in the income statement being the difference between the book value and fair value of the financial liability element at the date of purchase. The gain arising from the difference between the book value and fair value of the equity element of £4.8 million was recognised as a movement in retained earnings. A deferred tax credit of £0.8 million arose which is recognised as a movement in retained earnings. A transfer from retained earnings of £1.8 million to non-distributable reserves was made in order to maintain the legal nominal value of share capital.

In the prior year, the Company purchased and cancelled 1,236,500 of its preference shares at a total cash cost of £17.7 million, resulting in a gain of £0.9 million (£0.2 million in the second quarter and £0.7 million in the fourth quarter) being recognised in the income statement.

At 1st February 2009, the Company had 3,949,419 preference shares in issue (3rd February 2008: 5,773,721).

11 Post-retirement benefits

An actuarial loss of £85.1 million (£53.8 million net of associated deferred tax) has been recognised in the year through the Consolidated Statement of Recognised Income and Expense relating to the Group's pension and post retirement obligations. Of this total, £74.8 million (£46.4 million net of associated deferred tax) relates to the Group's US pension plan reflecting the decline in the market value of assets during the year. The US plan had a deficit on the balance sheet at the year end of £2.8 million (3rd February 2008: asset of £53.4 million). The decrease in the US pension asset recorded in the balance sheet reflects the actuarial loss, partly offset by the translation benefit from the movement in the US\$ exchange rate.

12 Exchange rates

The principal average exchange rates used to translate the Group's overseas profits were as follows:

	2008/9 Fourth quarter (13 weeks)	2007/8 Fourth quarter (14 weeks)	2008/9 Full year (52 weeks)	2007/8 Full year (53 weeks)
US dollar	1.47	2.00	1.79	2.00
Euro	1.13	1.36	1.24	1.44

13 Ordinary dividend

The directors are proposing a final dividend in respect of the year ended 1st February 2009, of 5.2p per share which will absorb £18.8 million of shareholders' funds. As the final dividend is subject to approval at the Annual General Meeting of the Company, to be held on 16th June 2009, it has not been provided for at 1st February 2009. Once approved, the final dividend will be paid on 24th June 2009 to shareholders on the register of members on 29th May 2009.