



Helmut Mamsch
Chairman

Introduction

This has been a year of good progress. The implementation of the strategy continues with good signs of success in both our electronic and electromechanical (EEM) and maintenance, repair and operations (MRO) businesses and resultant strong sales growth. The Enterprise Business System (EBS) was implemented successfully during the financial year in Austria, Italy and Germany and since the year end in Benelux, Ireland, Scandinavia and Spain. It now supports all the UK and European businesses. The work to create a lower cost infrastructure has progressed well, including the move to a new head office, and has achieved £7.6m of annualised cost savings.

Overall, headline profit increased by 16% to £84m supported by sustained sales growth across the Group, gross margin stabilisation and tight control of costs.

Strategic Development

The strategy development is now delivering tangible benefits with the launch of extended ranges and leading edge products, a more flexible service offer and more competitive pricing to meet customer requirements. This has been supported by more customer-specific selling and marketing activities.

Dividend

The Board announced in 2005 that it would maintain the dividend for the following three

years, assuming no substantial deterioration in economic conditions. Accordingly, the dividend will be maintained at 18.4p per share for the full year, being year two of this three year period.

Our people

The business has had another very busy year. Revenue and profit growth has been achieved at the same time as the further roll out of EBS. This has been made possible as a result of the commitment and skill of all our people. On behalf of the Board, I thank everyone for their hard work.

As previously announced, Bob Lawson retired as Chairman in October 2006. Bob made an enormous contribution to Electrocomponents over his 26 years with the Group. In many ways Bob has been the architect of the Group as it now stands. In particular, he rolled out the RS concept internationally and this now comprises more than £500m (nearly 60%) of the Group's total revenue. I have appreciated enormously Bob's support in his handover to me and we all wish him well in the future.

Nick Temple will be retiring at the Annual General Meeting after 10 years on the Board. We thank Nick for his valuable contribution, particularly in the field of technology and e-Commerce, which has become a major channel for our business. We wish him well for the future.

Tim Barker, who has been a Non-Executive Director of the Company for seven years, will replace Nick Temple as Senior Independent Director at the Annual General Meeting.

Rupert Soames has been appointed to the Board as a Non-Executive Director. Rupert is currently CEO of Aggreko plc, the global leader in the rental of power, temperature control and oil-free compressed air systems. He has significant relevant international, high service and information systems experience and we welcome him to the Group.

Current Trading

Since the year end the Group has successfully completed the EBS roll out across Europe.

Group revenue has grown at around 6% with an improving performance during May. The International business has grown revenue at around 10% and the UK business has grown at around 2%.

A handwritten signature in black ink that reads "Helmut Mamsch". The signature is written in a cursive, flowing style.

Helmut Mamsch
Chairman

