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Full Year Ended 30th June 2003

R&A

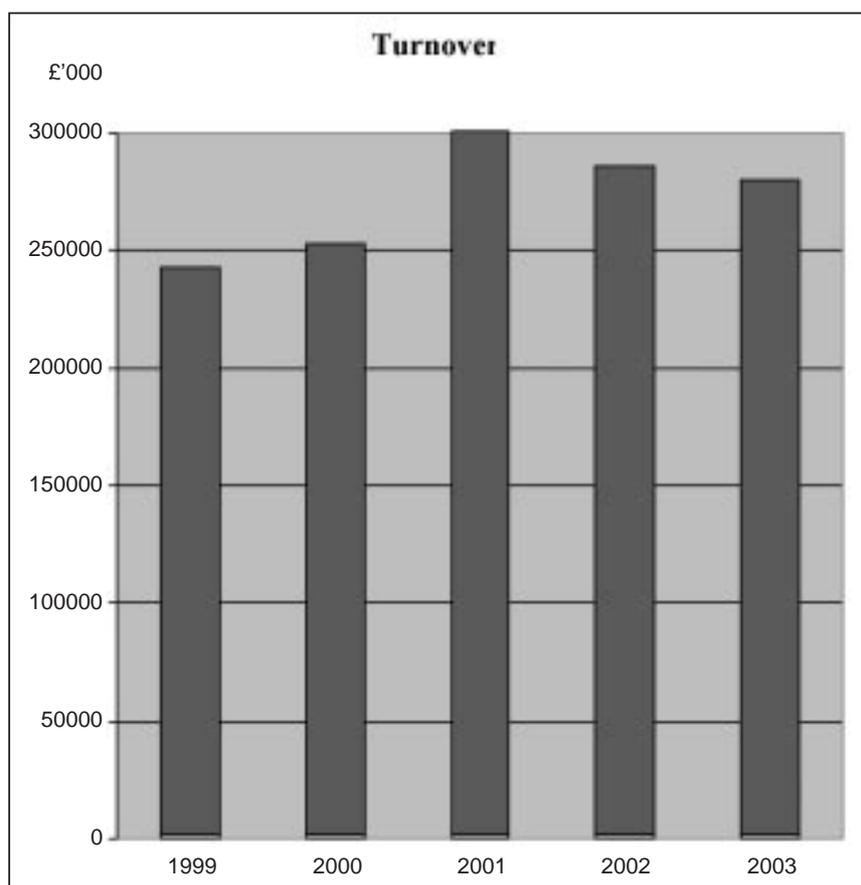
REPORT & ACCOUNTS

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SUMMARY OF LAST FIVE YEARS' TRADING

	Years ending 30th June				
	2003 £'000	2002 £'000	2001 £'000	2000 £'000	1999 £'000
Turnover	240,481	250,410	299,170	284,270	277,727
Profit Before Tax	422	456	5,508	7,523	6,038
Earnings Per Share	0.94p	0.91p	11.3p	15.1p	11.8p
Net Assets Per Share	98.3p	100.7p	103.7p	99.0p	89.8p
Dividends Per Share (net)	3.0p	4.2p	6.2p	6.0p	5.0p



CHAIRMAN'S STATEMENT

Results

The Board is pleased to report a very strong second half performance by the Group which has resulted in a creditable full year outcome of pre-tax profits of £422,000 compared with £456,000 last year which included an exceptional profit of £321,000. Shareholders will recall that at the interim stage the Group reported a disappointing pre-tax loss of £260,000.

Ongoing price erosion reduced sales revenues to £240 million (£250 million: 30th June 2002) negating the growth in our own average unit sales and we believe that we have again increased market share. Overly competitive price and resultant margin pressures continue to prevail and reflect the basic problems within the I.T. hardware sector.

Obscured within the result is our continued avoidance of loss making sales of mere revenue products. This contributed to a modest 0.16% point increase in gross margin and whilst sales fell by some 4%, the Board's close attention to costs has reduced total overheads by 5.2%.

On a positive note, earnings per share increased to 0.94p from the 0.91p of a year ago. At the year end we had a significant £7.165 million cash balance and we continue to remain debt free. Subject to confirmation by shareholders at the AGM, this will enable the Board to recommend a final cash dividend of 2.0p (net), making a total of 3.0p for the full year, (compared with 4.2p last year).

After dividend payments and £174,000 spent on the re-purchase of the Company's ordinary shares for cancellation, net assets per share were 98.3p against the 100.7p reported a year ago.

Trading

Sales of distributed PC's were reported as having fallen over the first half of 2003. Also, the volume market place and inherent lack of commercial profitability over the past year required a review of the Group's operations at the end of 2002 and with it, a strategic change in general direction.

With sales of volume PC's and most accessories continuing to lack adequate commercial returns, it is necessary that we evolve our business model to become more commercially viable. That entails re-enforcing our focus on key relationships, whilst shifting emphasis and investment further up both the technology and value chains. This change was commenced late last year and, albeit slowly, is progressing to plan.

Our existing higher value activities have continued to perform in-line with market conditions. Disappointingly, the malaise of the volume markets has also been somewhat reflected in this area.

The Balance Sheet

Continued strong cash management during the period enabled the Group to end the year with a very strong £7.17 million (£8.59 million: 30th June 2002) net cash position at year-end, which was again coupled with zero debt.

Net assets of £31.86 million are after the annual depreciation charge of £1.05 million, dividend payments of £977,000 and £174,000 spent on the re-purchase of 326,400 ordinary shares for cancellation.

Stock levels reduced to £13.21 million from £14.59 million and stock turns also benefited with an increase from 16 to 17 times.

CHAIRMAN'S STATEMENT

The Board

After very many years association with the group, Graham Cole advised that his other commitments strained his ability to properly carry out his role as a non-executive director. We shall miss his input and wish his new venture every success.

Dividend

Reviewing dividend policy against the current background is difficult. With our strong cash management and net cash position, pending a return to realistic levels of trading, it is proposed that the final dividend be maintained at 2.0p (net). This would be at a cost to our reserves of £648,000. If approved, the proposed dividend will be payable on 9th January 2004 to members on the Register as at 19th December 2003.

OUTLOOK

Within any new constraints that might arise within the sector or economy, we have reasonable expectations and your Board is confident in the outcome for the year.



D.M. Phillips
Chairman
18th September, 2003

OPERATING AND FINANCIAL REVIEW

Operating Review

The 2002/03 results reflect the continuing difficult and depressed market conditions in the I.T. hardware sector. Our experienced management team, together with our extensive range of manufacturers and products enabled Northamber to minimise the effect on its results.

Operating as a wholesale distributor for leading computer and peripheral manufacturers, our core products remain personal computers, servers, notebooks, printers, computer components, network products and telephony products.

Financial Review

As detailed in the Chairman's statement sales fell by some £10 million to £240 million with pre-tax profits of £0.422 million. Actions taken to avoid low margin and loss making turnover meant that gross margin increased over the year from 7.71% to 7.87%.

Controls over overheads meant that operating profit increased from £0.029 million to £0.405 million over the year despite a reduction in gross profit from £19.317 million to £18.918 million.

Stringent control over working capital meant that a significant cash balance was maintained amounting to £7.165 million at the end of the year. Average debtor days were 35 (2002 - 33) and the average creditor days were 27 (2002 - 29).

The Company continued to maintain a strong balance sheet during the year.

Treasury Activities and Financial Instruments

It is the Group's policy not to speculate in derivative financial instruments in either sterling or foreign currencies. Foreign currency purchases, where required for supplier payments, are subject to close management supervision. It is the policy of the Group not to have long-term loans or other financial instruments except in particular circumstances when approved by the Board of Directors.

It is the Group's policy not to hedge translation or currency exposure.

There have been no changes in the role of financial instruments during the year.

The maturity and the interest rate profile of any financial instruments are disclosed in the notes to the accounts.



Henry Matthews
Managing Director
18th September 2003

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the accounts for the year ended 30th June 2003.

Principal Activities

The Group's principal activities are those of specialist supply of computer hardware, computer printers and peripheral products, computer telephony products and other electronic transmission equipment.

Review of Business

The consolidated profit and loss account for the financial year is set out on page 21.

The Directors consider that in view of the industry circumstances the level of business for the year was satisfactory and the year end financial position remains strong. The Directors cautiously expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The Directors have declared or proposed the following dividends in respect of the year ended 30th June

	2003 £'000	2002 £'000
Ordinary dividends		
Interim Paid	324	715
Proposed final	648	649
	<hr/>	<hr/>
	972	1,364

The final dividend will be paid on 9th January 2004 to all members on the register at the close of business on 19th December 2003.

Directors

The current Directors of the Company are listed on page 17.

Mr G. Cole resigned as a director on 1st July 2003.

Substantial Shareholdings

The following shareholders held disclosable interests, as defined by The Disclosure of Interests in Shares (Amendment) Regulations 1993, at 29th August 2003 as detailed below:

	Ordinary Shares of 5p each
D.M. Phillips	53.36%
BNY(OCS) Nominees Limited	8.23%
HSBC Global Custody Nominees Ltd	4.65%
R.C. Greig Nominees Limited	3.48%
H. W. Matthews	3.10%

Purchase of own Shares

During the year the Company purchased 326,400 ordinary shares of 5p each. These purchases represented 1.0% of the issued share capital at 30th June 2002. The average price of 53.41p per share was paid, the total cost of purchase including expenses being £174,322. The reason for the purchase was to enhance the earnings per share.

At the end of the year, the Directors had authority, under the shareholders' resolutions of 15th November 2002 to purchase through the market 2,920,000 of the Company's ordinary shares at prices ranging between 5p and 105% of the average middle market quotations for those shares as derived from the Daily Official List of the London Stock Exchange on the 10 dealing days immediately preceding the day on which the shares are contracted to be purchased. This authority expires on 14th November 2003, the date of the next Annual General Meeting.

REPORT OF THE DIRECTORS

Auditors

On 1st August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1st August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Creditors' Payment Policy

The Group's payment policy is to:

- (i) determine terms of payment with suppliers when agreeing the terms of transactions;
- (ii) ensure that suppliers are made aware of the terms of payment; and
- (iii) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services.

Creditor days of the Group and of the Company at 30th June 2003 were 27 (2002 – 29). It is the Company's policy to take full advantage of settlement discounts offered by suppliers.

REPORT OF THE DIRECTORS

Employees

Every effort is made to keep staff as fully informed as possible about the operations and progress of the Group.

The Company encourages its staff to pursue career development and to that end has made available resources for training courses including video and computer training aids.

Applications received from disabled persons are given full and equal consideration but are small in number as our type of business does not seem to attract such applicants. The Company fulfils its obligations towards employees who are disabled or who become so whilst in the employment of the Company.

Donations

During the year the Group made charitable donations amounting to £900 (2002 - £250). No political donations were made in the year (2002 - Nil).

By order of the Board



S. Yoganathan ACMA
Company Secretary
18th September 2003

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Introduction

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of Directors' remuneration in respect of periods ending on or after 31st December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. As required by the regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Directors' Remuneration

The Company's Remuneration Committee decides the remuneration policy that applies to executive Directors. In setting the policy it considers a number of factors including: the basic salaries and benefits available to executive Directors of comparable companies; the need to attract and retain Directors of an appropriate calibre and experience; and the need to ensure executive Directors' commitment to the continued success of the Company by means of incentive schemes.

The Company's remuneration policy for executive Directors is to: have regard to the Directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality; link individual remuneration packages to the Group's performance through target related bonuses; provide post-retirement benefits through either the Group's defined contribution pension scheme or by contributing to personal pension plans; and provide employment-related benefits including the provision of a company car, life assurance, insurance relating to the Directors' duties and medical insurance.

The final determination of individual Director's remuneration is taken by the Board as a whole but with no Director participating in the discussions, or voting, on his own remuneration package.

The non-executive Directors each receive a fee for their services which is agreed by the Board following recommendation by the Chairman. The non-executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any of the bonus or incentive schemes. The non-executive Directors do not have service contracts with the Company.

Salaries and Benefits

The Remuneration Committee meets at least once a year in order to consider and set the remuneration packages for executive Directors. The remuneration packages are benchmarked to ensure comparability with companies of a similar size and complexity. The bonuses have regard to personal performance measured against pre-stated objectives and profitability of the Company.

Share Options

The Northamber Share Option Scheme expired in September 1995 and so no further options can be issued under this scheme. It has not been replaced by any other share option scheme. Options granted to H.W. Matthews under this scheme are detailed below.

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Pensions

The Company makes contributions to defined contribution Personal Pension Schemes for all the executive Directors. The amounts paid are detailed below.

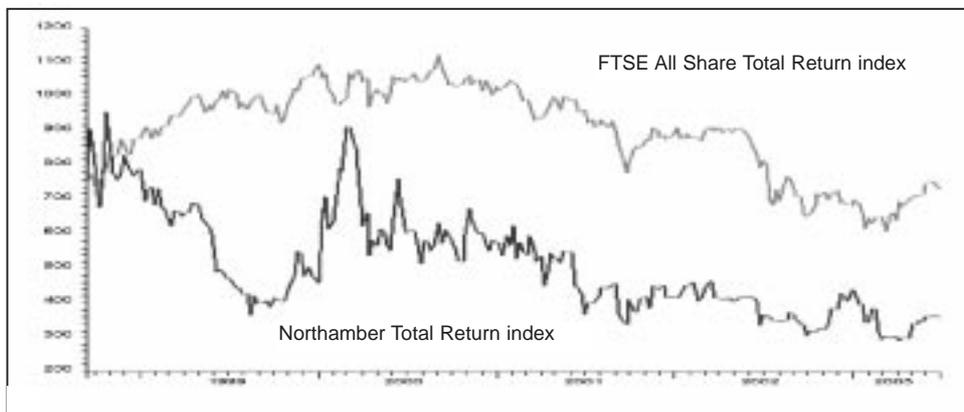
The pension scheme for D. M. Phillips and H. W. Matthews is a small, self-administered scheme that is limited by trust deed and scheme rules. The elements of remuneration that are pensionable are discretionary under the scheme. For the years to 30th June 2003 and 30th June 2002 no contributions were made to the scheme for either Director. The scheme falls outside the Inland Revenue pensions cap and is separate from the main staff pension scheme.

Contracts of service

The two executive Directors, D. M. Phillips and H. W. Matthews, have service contracts which were renewed with effect from 1st April 2003 as one year rolling contracts.

Performance graph

The following graph shows the Company's performance compared with the FTSE all share index measured by total shareholder return ("TSR"). The all share index has been selected for this comparison as it is the index within which Northamber and other comparable UK quoted companies are classified.



TSR is calculated as the growth or fall in value of a shareholding from the date of initial investments over time, with the assumption that dividends are reinvested to purchase additional shares in the company. The source of the data is Datastream and the figures were provided by Charles Stanley and Company Limited, the Company's brokers.

Audited information

Directors' detailed emoluments

Details of Directors' emoluments are as follows:

	Salaries and Fees		Bonus Payments		Benefits		Total		Pension	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000	2003 £'000	2002 £'000	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Executives										
D. M. Phillips	45	180	-	-	17	26	62	206	-	-
H. W. Matthews	200	200	-	-	29	19	229	219	-	-
Non-Executive										
G. Cole	2	4	-	-	-	-	2	4	-	-
A.L. Caplin	18	23	-	-	-	-	18	23	-	-
M. J. Ayrton	2	-	-	-	-	-	2	-	-	-
	267	407	-	-	46	45	313	452	-	-

Mr D.M. Phillips waived his salary entitlement for the period from 1st October 2002 to 30th June 2003.

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Directors' interests

Interests in shares

Directors in office at 30th June 2003 had the following beneficial interests in the shares of the Company:

Ordinary Shares of 5p each	30th June 2003	30th June 2002
D.M. Phillips	17,288,295	17,288,295
H.W. Matthews	1,004,724	743,324
G.Cole	2,000	2,000
A.L. Caplin	94,000	94,000
M. J. Ayrton	5,630	5,630*

* at date of appointment as a director

Between 30th June 2003 and 29th August 2003 there have been no changes in the interests of the above named Directors in the shares of the Company.

The market price of the Company's shares at 30th June 2003 was 60p. The range of market prices during the year was 49.5p to 81.5p.

Interests in share options

Details of options held by Directors are set out below:

Share Options	30th June 2003	30th June 2002
H.W. Matthews	158,200	419,600

Share Options	No.	Exercise Price	Exercise Date
H.W. Matthews	158,200	73.75p	12th July 1998 - 11th July 2005

The last options to be granted to H.W. Matthews were in July 1995. The granting was not conditional on any performance criteria.

On 15th November 2002 H. W. Matthews exercised his option over 261,400 shares at the option price of 10p per share. The quoted share price for that day was 65p, the gain on that date was therefore £143,770. The options were available to be exercised between 4th December 1995 and 3rd December 2002.



S. Yoganathan ACMA
By order of the Board
18th September 2003

CORPORATE GOVERNANCE

This Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority and for which the Board is accountable to shareholders.

The Listing Rules require the Company to disclose how it has applied the 14 Principles of Good Governance and to explain the extent to which the Code Provisions have been complied with during the accounting period.

DIRECTORS

Board of Directors

The Company is led and controlled through the Board of Directors, which during last year comprised two executive and three non-executive Directors. Biographical details of each Director in office during the year appear on page 17. The roles of Chairman and Managing Director are separate such that there is an adequate division of responsibilities at senior Board level.

All Directors have access to the advice and services of the Company Secretary and the Board has established a procedure whereby any Director may seek independent professional advice in the furtherance of his duties at the Company's expense.

As required by the Company's articles of association, Directors offer themselves for re-election at least once every three years.

Non-executive Directors

The Board considers that the non executive Directors were independent throughout the year. The non-executive Directors actively contribute to the functioning of the Board and bring a range of views and experience from different fields.

Main Board Responsibilities

The Board meets formally at regular intervals during the year. Meetings are chaired by one of the non-executive Directors. The Board is responsible for the overall direction and strategy of the Group to secure optimum performance. The Board has specified those areas of operations in the Group which are specifically in its domain and may not be delegated; these include the appointment and removal of the Company Secretary.

All Board members receive weekly summary financial information and monthly management accounts. Additional ad hoc reports on other matters are received and considered as appropriate.

Board Committees

- **Operations Committee**

The Operations Committee comprises the executive Directors and certain senior business managers. It meets weekly under the Chairmanship of Mr H.W. Matthews, the Managing Director, and deals with the major decisions of the Group other than those dealt with by the Remuneration and Audit Committees or by the full Board.

- **Remuneration Committee**

The Remuneration Committee comprised two non-executive Directors, Mr A.L. Caplin (Chairman) and Mr G. Cole. The Committee meets at least once a year and is responsible for setting the remuneration policy and annual salaries that apply to executive Directors.

- **Audit Committee**

The Audit Committee, chaired by Mr A.L. Caplin, comprised all the non-executive Directors. The Audit Committee meets with the external auditors at least once a year. The Committee's responsibilities include monitoring the relationships with external auditors, reviewing the Group's statutory accounts and other published financial information, monitoring compliance with statutory and UK Listing Authority requirements and instigating other projects as it sees fit.

CORPORATE GOVERNANCE

GOING CONCERN BASIS

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

RELATIONS WITH SHAREHOLDERS

The Directors, particularly the Chairman, attend meetings with the Company's institutional shareholders throughout the year. Formal presentations are made to analysts and institutional shareholders following the announcement of the annual and interim results to discuss issues and obtain feedback.

Notice of the Annual General Meeting (AGM) is circulated to all shareholders at least 20 working days prior to the meeting. Directors attend the AGM and will be available to answer shareholders' questions.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board believes that its Annual Reports and Accounts represent a balanced and understandable assessment of the Group's and Company's position and prospects whilst also complying with the legal and regulatory requirements for financial reporting relevant to the Company.

Internal Control

The Board of Directors has overall responsibility for the Group's systems of internal control and for monitoring their effectiveness

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues and has put in place an organisational structure with formally defined lines of responsibilities and delegation of authority. There are established procedures for planning, capital expenditure, information and reporting systems and for monitoring the Group's business and its performance. The Board has delegated to executive management the implementation of the systems of internal control within an established framework that applies within the Group.

CORPORATE GOVERNANCE

The Group's control systems address key business and financial risks. The Board considers the greatest risks to be related to the realisable value of current assets, principally stock and debtors. Particular attention is paid to all matters relating to purchasing, stock, sales, debtors, cash, capital expenditure and foreign exchange. Comprehensive documented procedures are used and are available to all staff via the extensive computer system.

A system of control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has considered the need for internal audit but has decided that because of the size of the Group it cannot be justified at present.

A review of internal control was undertaken by the Board in September 2003.

CORPORATE GOVERNANCE

COMPLIANCE STATEMENT

The UK Listing Authority's Rules require that the Board reports on the Company's compliance with the Code provisions throughout the accounting year. The Directors believe that the Company has complied with the Code throughout the year except as detailed below.

The recommendation in the Code to establish a Nominations Committee does not apply where the Board is small. The term 'small' is not defined. The Board of the Company comprised five Directors, three of whom were non-executive. At this size, the Board considers that the Board as a whole can handle recommendations on all new Board appointments in an effective manner.

By order of the Board



S. Yoganathan ACMA
Company Secretary
18th September 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by United Kingdom company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

The Directors confirm that in preparing the financial statements:

- appropriate accounting policies have been used and applied consistently;
- reasonable and prudent judgements and estimates have been made;
- the financial statements are prepared in accordance with relevant applicable accounting standards; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Company's and the Group's system of internal control for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS AND ADVISERS

Non-executive Directors

Tony Caplin *† (Age 52)

Deputy Chairman and senior independent non executive Director

Tony Caplin is non-executive Chairman of Era Plc and William Clowes Ltd, and non-executive Director of several companies including Easynet Plc, Jasmin Plc and Ultramind Plc. He is also Chairman of the European Electronic Messaging Association, currently the largest trade association in Europe.

Graham Cole *† (Age 57) Resigned on 1st July 2003.

Graham Cole was a partner of Coopers & Lybrand and has been involved with Northamber plc for over fourteen years.

Michael Ayrton † (Age 59)

Michael Ayrton, an Associate member of the Chartered Institute of Bankers, with over 40 years experience in the corporate banking industry, has held a number of senior executive positions with the AIB Group (UK) plc, including Head of Corporate Banking and Head of Risk Management. He is currently an authorised senior credit officer for the National Commercial Bank in Saudi Arabia.

* Member of Remuneration Committee

† Member of Audit Committee

Executive Directors

David Michael Phillips (Age 58)

Executive Chairman

David Phillips is the founder of Northamber plc and has been actively involved with the Company since its inception in the 1970s.

Henry William Matthews (Age 59)

Managing Director

Henry Matthews joined Northamber plc in 1981 as Sales Director. He was promoted to Managing Director in 1987.

Registered Office

1-3 Union Street
Kingston upon Thames
Surrey
KT1 1RP

Bankers

Allied Irish Bank plc
West End Branch
10 Berkeley Square
London
W1X 6DN

Registrars

Computershare Investor Services plc
PO Box 435
Owen House
8 Bankhead Crossway North
Edinburgh
EH11 4BR

Stockbrokers

Charles Stanley and Company Limited
25 Luke Street
London
EC2A 4AR

Registered Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHAMBER PLC

We have audited the financial statements of Northamber plc for the year ended 30th June 2003 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the statement of accounting policies and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of 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 auditors' 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

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the Directors' remuneration report. Our responsibility is to audit the financial statements and the part of the Directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the 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 Directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the Directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

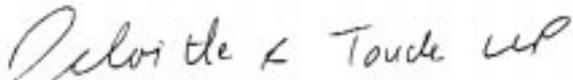
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHAMBER PLC

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' remuneration report described as having been 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 financial statements and the part of the Directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th June 2003 and of the profit of the Group for the year then ended; and
- the financial statements and part of the Directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

18th September 2003

ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with all applicable accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, the investment property is not depreciated.

The Group accounts comprise the consolidated results of the Company and its subsidiaries made up to 30th June 2003.

Fixed assets are stated at cost, or valuation, less depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated economic lives at the following annual rates:

Freehold premises	2% straight line on buildings
Short leasehold improvements	period of lease, or 25% straight line
Long leasehold premises	2% straight line
Plant and machinery	25% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of the freehold properties held as investment property. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. These properties are not held for consumption but for investment and the Directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The Directors consider that this policy results in the accounts giving a true and fair view.

Stocks are valued at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stocks.

Transactions made during the year in foreign currencies are translated into sterling at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Exchange differences arising during the year are taken to the profit and loss account.

Costs in respect of operating leases are charged as they become payable.

The Company contributes towards the personal pension plans of eligible employees and Directors. These are defined contribution plans and are insured with Scottish Equitable. Payments to the plans are charged to the profit and loss account in the year in which they are payable.

Turnover represents the total amount invoiced for the provision of goods and services, excluding value added tax.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30th June 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	240,481	250,410
Cost of sales		(221,563)	(231,093)
		<hr/>	<hr/>
Gross profit		18,918	19,317
Distribution costs		(11,073)	(11,150)
Administrative expenses		(7,660)	(8,610)
Other operating income		220	472
		<hr/>	<hr/>
Operating profit	3	405	29
Exceptional profit on sale of fixed assets in continuing operations	4	-	321
		<hr/>	<hr/>
Profit on ordinary activities before interest		405	350
Interest receivable		103	142
Interest payable	6	(86)	(36)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		422	456
Tax on profit on ordinary activities	7	(116)	(160)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		306	296
Equity dividends	8	(977)	(1,353)
		<hr/>	<hr/>
Retained loss for year	18	(671)	(1,057)
		<hr/> <hr/>	<hr/> <hr/>
Earnings per ordinary share	10	0.94p	0.91p
Diluted earnings per share	10	0.94p	0.90p

All operations are continuing.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above, and the historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30th June 2003

	2003 £'000	2002 £'000
Profit for the financial year	306	296
Currency translation differences on foreign currency net investments	(26)	-
Total recognised gains relating to the year and since the last report	----- 280 =====	----- 296 =====

CONSOLIDATED BALANCE SHEET

At 30th June 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	11	5,575	6,289
Investments	12	2,837	2,837
		<u>8,412</u>	<u>9,126</u>
Current assets			
Stocks	13	13,214	14,590
Debtors - amounts falling due within one year	14	27,249	27,023
Cash at bank and in hand		7,165	8,587
		<u>47,628</u>	<u>50,200</u>
Current liabilities			
Creditors - amounts falling due within one year	15	(23,324)	(25,743)
		<u>24,304</u>	<u>24,457</u>
Net current assets			
		<u>32,716</u>	<u>33,583</u>
Total assets less current liabilities			
Provisions for liabilities and charges	16	(859)	(882)
		<u>31,857</u>	<u>32,701</u>
Net assets			
Capital and reserves			
Called up share capital	17	1,620	1,623
Share premium account	18	5,724	5,711
Capital redemption reserve	18	165	148
Profit and loss account	18	24,348	25,219
		<u>31,857</u>	<u>32,701</u>
Equity shareholders' funds			
	19	<u>31,857</u>	<u>32,701</u>

The financial statements on pages 20 to 34 were approved by the Board of Directors on 18th September 2003 and were signed on its behalf by :



D. M. Phillips
Chairman

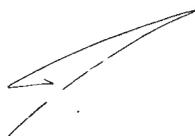


H.W. Matthews
Managing Director

COMPANY BALANCE SHEET

At 30th June 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	11	5,575	6,289
Investments	12	2,837	2,837
		<u>8,412</u>	<u>9,126</u>
Current assets			
Stocks	13	13,214	14,590
Debtors - amounts falling due within one year	14	27,216	26,959
Cash at bank and in hand		7,164	8,529
		<u>47,594</u>	<u>50,078</u>
Current liabilities			
Creditors - amounts falling due within one year	15	(23,570)	(25,950)
		<u>24,024</u>	<u>24,128</u>
Net current assets			
		<u>24,024</u>	<u>24,128</u>
Total assets less current liabilities			
		32,436	33,254
Provisions for liabilities and charges	16	(859)	(882)
		<u>31,577</u>	<u>32,372</u>
		=====	=====
Net Assets			
Capital and reserves			
Called up share capital	17	1,620	1,623
Share premium account	18	5,724	5,711
Capital redemption reserve	18	165	148
Profit and loss account	18	24,068	24,890
		<u>31,577</u>	<u>32,372</u>
		=====	=====
Equity shareholders' funds			
		<u>31,577</u>	<u>32,372</u>
		=====	=====



D.M. Phillips
Chairman



H.W. Matthews
Managing Director

18th September 2003

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June 2003

	Notes	2003 £'000	2002 £'000
Cash (outflow)/inflow from continuing operating activities	20	(365)	10,525
Returns on investments and servicing of finance			
Interest received		103	142
Interest paid		(86)	(36)
Income from fixed asset investments		219	255
Net cash inflow from returns on investments and servicing of finance		236	361
Taxation			
UK corporation tax received/(paid)		179	(913)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(408)	(1,090)
Sale of tangible fixed assets		62	1,361
Net cash (outflow)/inflow from capital expenditure and financial investment		(346)	271
Equity dividends paid		(978)	(2,015)
Cash (outflow)/inflow before financing		(1,274)	8,229
Financing			
Purchase of shares		(174)	(214)
Issue of ordinary share capital		26	-
Debt due beyond a year: Repayment of secured loan		-	(831)
Net cash outflow from financing		(148)	(1,045)
(Decrease)/increase in cash in the year	20	(1,422)	7,184

NOTES TO THE ACCOUNTS

1. Company profit and loss account

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements.

2. Turnover and profit on ordinary activities before taxation

	Turnover		Profit on ordinary activities before taxation	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Dealing in computers, computer printers and peripheral equipment	240,481	250,410	422	456

The Group operates in one market sector, UK and Europe. Therefore, turnover, profit on ordinary activities before tax and net assets do not need to be separately analysed.

3. Operating profit

Operating profit is stated after (crediting)/ charging:

	2003 £'000	2002 £'000
Other operating income	(220)	(472)
Income from fixed asset investment	(219)	(255)
Staff costs (see note 5)	10,272	10,644
Rentals under other operating leases - land and buildings	893	901
Depreciation of tangible fixed assets	1,054	1,054
Loss on sale of Fixed Assets	7	27
Auditors' remuneration (Group and Company) - audit services	60	60
- other services	7	7

4. Exceptional profit on sale of fixed assets

	2003 £'000	2002 £'000
Profit on sale of properties	-	252
Exceptional profit on sale of motor vehicle	-	69
	-	321

NOTES TO THE ACCOUNTS

5. Directors and employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2003	2002
	Number	Number
Sales	128	126
Administration	100	95
Warehouse	77	82
Engineering	30	47
	<hr/>	<hr/>
	335	350
	=====	=====
Staff costs:	£'000	£'000
Wages and salaries	9,194	9,426
Social security costs	923	1,061
Other pension costs	155	157
	<hr/>	<hr/>
	10,272	10,644
	=====	=====

At the year end there were no accruals or prepayments in respect of the defined contribution pension schemes.

Details of Directors' remuneration are set out in the Report to the shareholders by the Board on Directors' Remuneration on pages 10 to 12.

6. Interest payable

On bank overdrafts	85	21
On bank loans	-	14
Other	1	1
	<hr/>	<hr/>
	86	36
	=====	=====

7. Taxation on ordinary activities

Current taxation		
UK corporation tax: charge for the year	210	79
Adjustments in respect of prior years	(71)	3
	<hr/>	<hr/>
Total current taxation	139	82
Deferred tax:		
Origination and reversal of timing differences	(23)	114
Adjustment in respect of prior years	-	(36)
	<hr/>	<hr/>
Tax on profits on ordinary activities	116	160
	=====	=====

NOTES TO THE ACCOUNTS

The standard rate of corporation tax is 30% (2002 - 30%). The actual tax charge for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	422	456
Tax on profit on ordinary activities at standard rate	127	136
Factors affecting charge for the year:		
Depreciation for period in excess/(short of) of Capital allowances	105	(114)
Utilisation of tax losses	-	(10)
Expenses not deductible for tax purposes	5	117
Marginal relief	(20)	(5)
Profit/(loss) on sale of fixed assets	2	(66)
Capitalised revenue expenditure	(9)	(9)
Capital gains	-	30
Adjustments to tax charge in respect of prior years	(71)	3
	<hr/>	<hr/>
Total actual amount of current tax	139	82
	<hr/>	<hr/>

8. Dividends

Ordinary interim dividend paid of 1.0p per share (2002: 2.2p per share)	324	715
Ordinary final dividend proposed of 2.0p per share (2002: 2.0p per share)	648	649
Under/(over) provision of previous year's final dividend	5	(11)
	<hr/>	<hr/>
	977	1,353
	=====	=====

9. Profit for the year

Dealt with in the accounts of the Company	329	301
	=====	=====

10. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit after taxation of £306,000 (2002: £296,000) and on 32,511,604 ordinary shares (2002: 32,524,260). The number of ordinary shares in issue during the years ended 30th June 2003 and 30th June 2002 were the weighted average in issue during each year.

Computation of Earnings per share for 2003

	<u>Per share</u>	<u>Earnings</u>	<u>Shares</u>
Net profit for year		£306,000	
Weighted average shares outstanding during year			32,511,604
Basic earnings per share	0.94p		
Dilutive effect of options			14,282
Diluted earnings per share	0.94p	£306,000	32,525,886

NOTES TO THE ACCOUNTS


11. Tangible fixed assets
Group and Company

	Freehold premises £'000	Short leasehold improvements £'000	Long leasehold premises £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost							
At 1st July 2002	3,047	2,511	17	3,150	187	686	9,598
Additions	14	65	-	285	1	43	408
Disposals	-	(76)	(4)	(718)	(59)	(125)	(982)
At 30th June 2003	3,061	2,500	13	2,717	129	604	9,024
Depreciation							
At 1st July 2002	151	651	11	2,077	81	338	3,309
Charge for the year	177	233	2	469	44	129	1,054
Eliminated on Disposals	-	(66)	(4)	(704)	(59)	(81)	(914)
At 30th June 2003	328	818	9	1,842	66	386	3,449
Net book value							
At 30th June 2003	2,733	1,682	4	875	63	218	5,575
At 30th June 2002	2,896	1,860	6	1,073	106	348	6,289

12. Investments

	Notes	Group		Company	
		2003 £'000	2002 £'000	2003 £'000	2002 £'000
Shares in Group companies	a)	-	-	-	-
Loan to Group company	b)	-	-	-	-
Freehold investment properties	c)	2,833	2,833	2,833	2,833
Other Investments	d)	4	4	4	4
		<u>2,837</u>	<u>2,837</u>	<u>2,837</u>	<u>2,837</u>

a) Shares in Group companies

Northamber plc has two significant trading subsidiaries, Solution Technology Limited and Xitan Limited, which are incorporated in Great Britain, are wholly owned and distribute computer software and computer peripherals allied to their computer graphics software. All other subsidiaries are dormant.

NOTES TO THE ACCOUNTS

Company	2003	2002
	£'000	£'000
Shares in Group companies		
At cost	32	32
Provision	(32)	(32)
	-----	-----
Book value brought and carried forward	-	-
	=====	=====
b) Loan to Group company		
Loan	815	815
Provision	(815)	(815)
	-----	-----
	-	-
	=====	=====
Group and Company		
c) Freehold investment properties		
Balance brought and carried forward	2,833	2,833
	=====	=====
In the opinion of the Directors there was no significant difference between the open market value and the book value of the investment properties as at 30th June 2003.		
d) Other Investments, other than loans		
Balance brought and carried forward	4	4
	=====	=====

13. Stocks

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Stocks comprise:				
Goods for resale	13,214	14,590	13,214	14,590
	=====	=====	=====	=====

14. Debtors

Amounts falling due within one year

Trade debtors	26,837	26,525	26,768	26,461
Amount owed by subsidiaries	-	-	36	-
Other debtors	-	8	-	8
Prepayments and accrued income	412	490	412	490
	-----	-----	-----	-----
	27,249	27,023	27,216	26,959
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
15. Creditors				
Amounts falling due within one year				
Trade creditors	19,792	22,259	19,775	22,248
Amount owed to subsidiaries	-	-	269	232
Corporation tax	202	(116)	201	(125)
Other taxation and social security payable	1,811	1,818	1,811	1,818
Other creditors	142	1	137	1
Accruals and deferred income	729	1,132	729	1,127
Dividend payable	648	649	648	649
	23,324	25,743	23,570	25,950
	=====	=====	=====	=====

16. Provisions for liabilities

Deferred tax movement

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Balance at 1st July 2002	882	804	882	804
Profit and loss (credit)/charge	(23)	78	(23)	78
Balance at 30th June 2003	859	882	859	882
	=====	=====	=====	=====

Provision for deferred taxation consists of the following amounts:

Capital allowances in excess of depreciation	156	179	156	179
Other timing differences, Enterprise Zone allowances	703	703	703	703
	859	882	859	882
	=====	=====	=====	=====

17. Called up share capital

	2003	2002	2003	2002
	Number of ordinary shares	Number of ordinary shares	£'000	£'000
Authorised:				
Ordinary shares of 5p each	40,000,000	40,000,000	2,000	2,000
	=====	=====	=====	=====
Allotted, called up and fully paid:				
Ordinary shares of 5p each	32,399,000	32,464,000	1,620	1,623
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS

At 30th June 2003, options over 198,200 ordinary shares of 5p each remained outstanding. The aggregate value of subscription prices of these options is £132,173.

The options outstanding at 30th June 2003 include options for a Director of 158,200 ordinary shares disclosed in the Directors' Report. They are exercisable at a price of 73.75p per share between 12th July 1998 and 11th July 2005.

On 15th November 2002 options over 261,400 ordinary shares of 5p each were exercised at a subscription price of 10p per share.

During the year the Company purchased 326,400 ordinary shares of 5p each at a total cost including expenses of £174,322.

18. Reserves

	Group		Company	
	Share Premium	Profit and Loss	Share Premium	Profit and Loss
	Account	Account	Account	Account
	£'000	£'000	£'000	£'000
At 1st July 2002	5,711	25,219	5,711	24,890
Amount transferred from reserves	-	(671)	-	(648)
Purchase of own shares	-	(174)	-	(174)
Issue of Shares	13	-	13	-
Loss on Exchange	-	(26)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th June 2003	5,724	24,348	5,724	24,068
	=====	=====	=====	=====

	Group		Company	
	Capital redemption	reserve	Capital redemption	reserve
	£'000	£'000	£'000	£'000
At 1st July 2002		148		148
Transfer from share Capital account		17		17
At 30th June 2003		<u>165</u>		<u>165</u>
		=====		=====

19. Reconciliation of movements in equity shareholders' funds

	2003	2002
	£'000	£'000
Profit for the financial year	306	296
Dividends	(977)	(1,353)
	<u>(671)</u>	<u>(1,057)</u>
Other recognised loss relating to the year (net)	(26)	-
Decrease in share capital	(3)	(15)
Increase in Share Premium Account	13	-
Increase in Capital Redemption Reserve Fund	17	15
Net decrease in shareholders' funds	<u>(670)</u>	<u>(1,057)</u>
Opening equity shareholders' funds	32,701	33,972
Purchase of own shares	(174)	(214)
Closing equity shareholders' funds	<u>31,857</u>	<u>32,701</u>
	=====	=====

NOTES TO THE ACCOUNTS

20. Cash flow

a) Reconciliation of operating profit to operating cash flows

	Group	
	2003	2002
	£'000	£'000
Continuing operations		
Operating profit	405	29
Loss on sale of fixed assets	7	27
Income from fixed assets investments	(219)	(255)
Depreciation of tangible fixed assets	1,054	1,054
Decrease in stocks	1,376	354
(Increase)/decrease in trade debtors	(338)	6,119
Decrease/(increase) in other debtors	8	(1)
Decrease/(increase) in prepayments and accrued income	78	(116)
(Decrease)/increase in trade creditors	(2,467)	3,467
Decrease in other taxation and social security	(7)	(205)
(Decrease)/increase in accruals and deferred income	(403)	54
Increase/(decrease) in other creditors	141	(2)
Net cash (outflow)/inflow from continuing operating activities	<u>(365)</u>	<u>10,525</u>
	=====	=====

b) Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash in the year	(1,422)	7,184
Cash outflow from changes in debt	-	831
	<u> </u>	<u> </u>
Change in net debt resulting from cash flows and the movement in net debt in the year	(1,422)	8,015
Net funds brought forward	8,587	572
	<u> </u>	<u> </u>
Net funds carried forward	7,165	8,587
	<u> </u>	<u> </u>
	=====	=====

c) Analysis of net funds

	At 1st July 2002	Cash Flow	At 30th June 2003
	£'000	£'000	£'000
Cash at bank and in hand	8,587	(1,422)	7,165
	<u> </u>	<u> </u>	<u> </u>

21. Capital commitments

There were no capital commitments at 30th June 2003 (2002- £35,000).

NOTES TO THE ACCOUNTS

22. Financial commitments

At 30th June 2003 the Group had annual commitments under non-cancellable operating leases as follows :

	2003 Land and Buildings £'000	2002 Land and Buildings £'000
Expiring within one year	-	-
Expiring between two and five years	-	-
Expiring in over five years	997	997
	<hr/> 997	<hr/> 997
	=====	=====

23. Guarantees

On 1st November 1994 Northamber plc and its subsidiary companies entered into an unlimited cross guarantee and debenture arrangement with the Group's bankers, Allied Irish Bank, plc.

The above guarantee is secured by a legal mortgage on the Company's leasehold and freehold properties, a fixed charge on all book debts and a floating charge over all other assets. As at 30th June 2003 the aggregate of overdrafts relating to these companies was £Nil (2002- £Nil)

In the ordinary course of business the Company has given a guarantee to H.M. Customs & Excise in respect of deferred value added tax and duty.

24. Related party transactions

Mr D. M. Phillips is the ultimate controlling party of the Company.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Northamber plc will be held at 23 Davis Road, Chessington, Surrey KT9 1HS on 14th November 2003 at 3.00p.m. for the following purposes:-

1. To receive and adopt the Company's accounts for the year ended 30th June 2003 and the Directors' and auditors' reports thereon.
2. To receive and approve the Report to Shareholders by the Board on Directors' Remuneration.
3. To declare a dividend on the ordinary shares of the Company.
4. Re-elect Mr M. J. Ayrton as a Director.
5. Re-elect Mr T. Caplin as a Director.
6. To reappoint Deloitte & Touche LLP as auditors and to authorise the Directors to fix their remuneration.

ORDINARY RESOLUTION

7 (1) THAT, in accordance with Section 80 of the Companies Act 1985 ("the Act"), the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Act) up to an aggregate nominal amount of £210,594 provided that this authority (unless previously revoked or renewed) shall expire on 14th November 2004 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

7 (2) THAT, conditionally upon the passing of the resolution numbered 7(1) above, in accordance with section 95 (1) of the Companies Act 1985 ("the Act"), the Directors be and are hereby given power for the period commencing on and with effect from the date of adoption of this resolution and expiring on the earlier of 14th February 2005 and the date of the next Annual General Meeting of the Company to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the authority conferred by the resolution numbered 7(1) above as if Section 89 (1) of the Act did not apply to such allotment provided that the power hereby conferred shall be limited to:-

(a) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange; and

(b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) hereof) up to a maximum nominal value of £9,910;

and the power conferred by this resolution 7(2) shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would require such equity securities to be allotted after such expiry.

7 (3) THAT the Company be and is hereby unconditionally and generally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 5p in the capital of the Company, provided that:

(a) the maximum number of shares hereby authorised to be acquired is 3,239,900 representing 10 percent of the present issued share capital;

NOTICE OF MEETING

(b) the minimum price which may be paid for such shares is 5p per share (exclusive of all expenses);

(c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105 per cent of the average middle market quotations of the Ordinary Shares of the Company as derived from the Daily Official List of The London Stock Exchange on the 10 dealing days immediately preceding the day on which the shares are contracted to be purchased;

(d) the authority hereby conferred shall (subject to sub-clause (e) below) expire on the date of the next Annual General Meeting of the Company after the passing of this resolution; and

(e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will, or may be, executed wholly or partly after the expiry of such Authority, and may make a purchase of its own shares in pursuance of any such contracts.

By Order of the Board



S. Yoganathan ACMA ,
Secretary
18th September 2003

Registered office: 1-3 Union Street,
Kingston upon Thames,
Surrey,
KT1 1RP

Notes:

(1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. Completion and return of a form of proxy will not prevent a member from attending and voting at the meeting.

(2) The instrument appointing a proxy and the power of attorney (if any) under which it is signed must be deposited at the offices of the Registrars of the Company, not less than forty-eight hours before the time of the meeting.

(3) There will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the date of the Annual General Meeting and, at the place of the Annual General Meeting, from at least fifteen minutes prior to and until the conclusion of the Annual General Meeting:

- (a) copies of the executive Directors' service agreements with the Company; and
- (b) the Register of Directors' Interests.