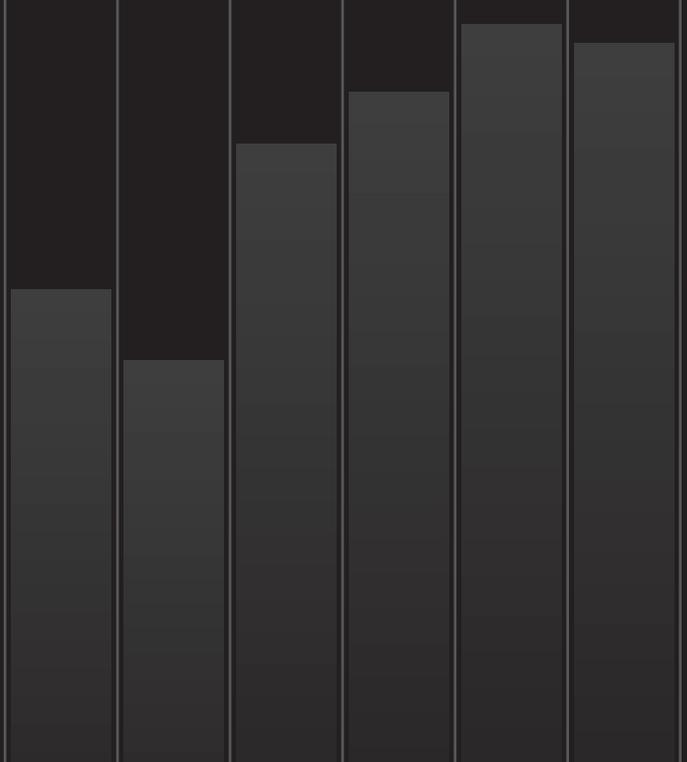


R&A

REPORT & ACCOUNTS



**FULL YEAR ENDED
30TH JUNE 2004**



Northamber

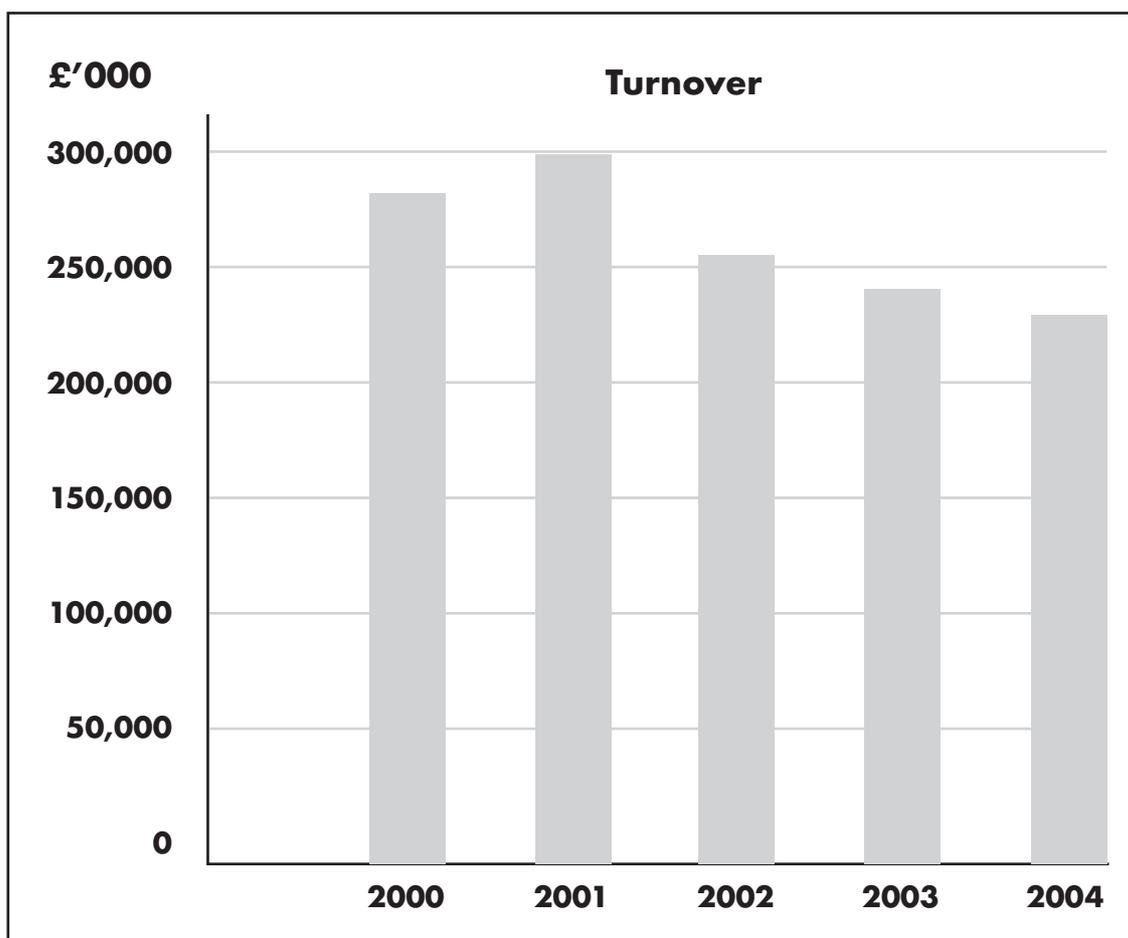
THIS PAGE IS INTENTIONALLY LEFT BLANK

CONTENTS

Summary of Last Five Years' Trading	4
Chairman's Statement	5 - 6
Operating and Financial Review	7
Report of the Directors	8 -9
Report to Shareholders by the Board on Directors' Remuneration	10 -13
Corporate Governance	14-16
Statement of Directors' Responsibilities	17
Directors and Advisers	18
Independent Auditors' Report	19 -20
Accounting Policies	21
Consolidated Profit and Loss Account	22
Statement of Total Recognised Gains and Losses	23
Consolidated Balance Sheet	24
Company Balance Sheet	25
Consolidated Cash Flow Statement	26
Notes to the Accounts	27 -36
Notice of Meeting	37-38

SUMMARY OF LAST FIVE YEARS' TRADING

	Years ending 30 June				
	2004 £'000	2003 £'000	2002 £'000	2001 £'000	2000 £'000
Turnover	232,809	240,481	250,410	299,170	284,270
Profit Before Tax	1,812	422	456	5,508	7,523
Earnings Per Share	3.67p	0.94p	0.91p	11.3p	15.1p
Net Assets Per Share	99.3p	98.3p	100.7p	103.7p	99.0p
Dividends Per Share(net)	4.1p	3.0p	4.2p	6.2p	6.0p



CHAIRMAN'S STATEMENT

Results

Your Board is pleased to report a solid performance delivering improved full year results by the Group. Pre-tax profits rose to £2.2 million before an exceptional property related loss of £393,000 following from the assignment of the lease of the former principal trading property. Compared with the pre tax profits of £422,000 for the same period last year, this reflects evolving and positive changes.

A slowing in the high rate of price erosion experienced over recent years, resulted in slightly reduced sales revenues of £233 million (£240 million: 30 June 2003). Once again this deflationary effect negated sales revenue growth arising from the increase in unit sales.

Our improving position within our major suppliers, relative to our sector competitors, supports our understanding that we have again increased our market share.

Whilst continuing our avoidance of loss making sales of mere revenue products, total overheads were reduced by a further 8.3% after the reported 5.2% reduction we achieved a year ago. That saving was coupled with an increase of 3.4% in gross profit percentage margin. Earnings per share for the year, increased to 3.67p from the 0.94p reported last year, whilst Net assets per share rose to 99.3p from the 98.3p reported a year ago.

At the year end the cash balance was £9.15 million and the Group continues to remain debt free.

Subject to shareholder approval at the AGM, these results will enable the Board to recommend a final cash dividend of 3.0p (net), making a total of 4.1p for the full year, compared with a total of 3.0p last year.

Trading

The group's moves to refine its focus on core operations since the end of 2002, have brought a worthy improvement. Within the fast changing environment of this sector, we have worked to achieve improved and significant status within the UK activities of each of our major suppliers.

Progressive changes have enabled a reduction in operational costs in both premises and staff numbers. The average staff numbers fell by 10.7% to 299.

The Balance Sheet

Continued strong cash management during the period enabled the Group to end the year with a very strong £9.15 million (£7.17 million: 30 June 2003) net cash position, which was again coupled with zero debt. £3.615 million of cash was generated over the year, although this was reduced to £1.985 million after payment of equity dividends and the £672,000 spent on repurchasing our own ordinary shares.

The cash needs of the business are such that the proposal to buy back further shares for cancellation will be put to shareholders at the Annual General Meeting.

The total net asset value of £31.11 million is after the annual depreciation charge of £907,000, dividends of £1,261,000 and £672,000 spent on the re-purchase of 1,115,000 ordinary shares for cancellation.

CHAIRMAN'S STATEMENT

Dividend

Our strong cash management and net cash position, makes it possible to propose that the final dividend be increased by 1p to 3.0p (net) representing a marginal over distribution of £96,000 for the year. If approved, the proposed dividend will be payable on 7th January 2005 to members on the Register as at 3rd December 2004.

OUTLOOK

The changes of the past two years have been justified as correct and brought worthwhile opportunities. Putting aside the state of the sector and the economy as a whole, your Board is confident in the outcome for the year.



D.M. Phillips
Chairman
22nd September, 2004

OPERATING AND FINANCIAL REVIEW

Operating Review

The 2003/04 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 £7.7 million to £233 million with pre-tax profits of £1.81 million. Actions taken to avoid low margin and loss making turnover meant that gross margin increased over the year from 7.87% to 8.14%.

Controls over overheads meant that operating profit before operating exceptionals increased from £0.405 million to £2.001 million over the year and gross profit increased from £18.918 million to £18.947 million.

Stringent control over working capital meant that a significant cash balance was maintained amounting to £9.150 million at the end of the year. Average debtor days were 35 (2003 - 35) and the average creditor days were 36 (2003 - 27).

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.

A handwritten signature in black ink, appearing to read 'H. Matthews'.

Henry Matthews
Managing Director
22nd September 2004

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the accounts for the year ended 30th June 2004.

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 22.

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 may be sustained for the foreseeable future.

Dividends

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

	2004	2003
	£'000	£'000
Ordinary dividends -		
Interim Paid	344	324
Proposed final	939	648
	-----	-----
	1,283	972
	-----	-----

The final dividend will be paid on 7th January 2005 to all members on the register at the close of business on 3rd December 2004.

Directors

The current Directors of the Company are listed on page 18.

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 31st August 2004 as detailed below:

	(Ordinary Shares of 5p each)
D.M. Phillips	55.27%
BNY(OCS) Nominees Limited	10.11%
R. C. Greig Nominees Limited	3.85%
H. W. Matthews	3.21%

Purchase of own Shares

During the year the Company purchased 1,115,000 ordinary shares of 5p each. These purchases represented 3.4% of the issued share capital at 30th June 2003. The average price of 60.20p per share was paid, the total cost of purchase including expenses being £672,971. 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 14th November 2003 to purchase through the market 3,239,900 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 5th November 2004, the date of the next Annual General Meeting.

REPORT OF THE DIRECTORS (continued)

Auditors

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 2004 were 36 (2003 – 27). 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 £250 (2003 - £900). No political donations were made in the year (2003 - Nil).

By order of the Board

A handwritten signature in black ink, appearing to be 'S. Yoganathan'.

S. Yoganathan ACMA
Company Secretary
22nd September 2004

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:

- a) the basic salaries and benefits available to executive Directors of comparable companies;
- b) the need to attract and retain Directors of an appropriate calibre and experience; and
- c) 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:

- a) 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;
- b) link individual remuneration packages to the Group's performance through target related bonuses;
- c) provide post-retirement benefits through either the Group's defined contribution pension scheme or by contributing to personal pension plans; and
- d) 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, nor 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.

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

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.

Pensions

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

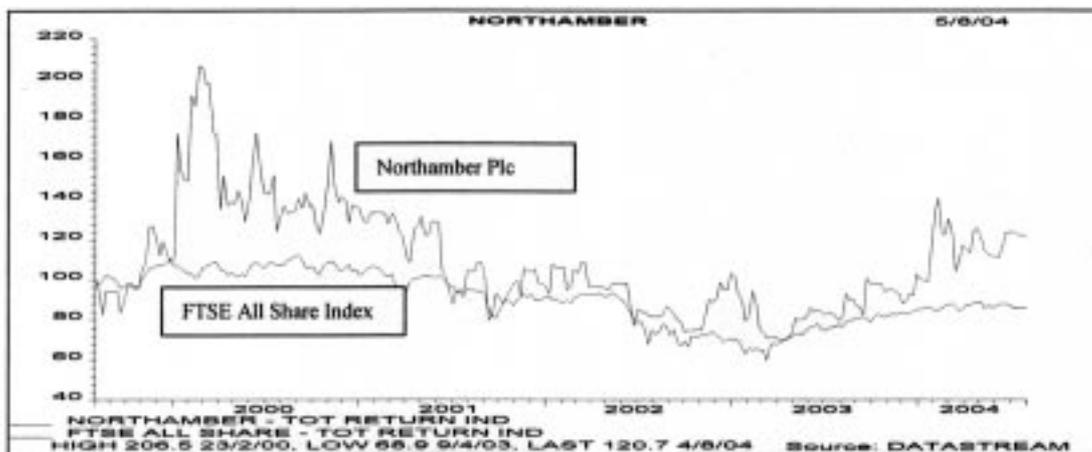
The pension scheme for D. M. Phillips and H. W. Matthews is a small, self-administered scheme that is limited by trust deed and scheme rules. The elements of remuneration that are pensionable are discretionary under the scheme. For the years to 30th June 2004 and 30th June 2003 no contributions were 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 2004 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.

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Audited information

Directors' detailed emoluments

Details of Directors' emoluments are as follows:

	Salaries and Fees		Bonus Payments		Benefits		Total		Pension	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Executives										
D. M. Phillips	180	45	-	-	17	17	197	62	-	-
H. W. Matthews	200	200	-	-	31	29	231	229	-	-
Non-Executive										
G. Cole	-	2	-	-	-	-	-	2	-	-
A.L. Caplin	15	18	-	-	-	-	15	18	-	-
M. J. Ayrton	15	2	-	-	-	-	15	2	-	-
	410	267	-	-	48	46	458	313	-	-

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

Directors' interests

Interests in shares

Directors in office at 30th June 2004 had the following beneficial interests in the shares of the Company:

Ordinary Shares of 5p each	30th June 2004	30th June 2003
D.M. Phillips	17,308,295	17,308,295
H.W. Matthews	1,004,724	1,004,724
A.L. Caplin	94,000	94,000
M. J. Ayrton	5,630	5,630

Between 30th June 2004 and 31st August 2004 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 2004 was 83.5p. The range of market prices during the year was 56.0p to 100.0p.

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Interests in share options

Details of options held by Directors are set out below:

Share Options	30th June 2004	30th June 2003
H.W. Matthews	158,200	158,200

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.



S. Yoganathan ACMA
By order of the Board
22nd September 2004

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 two non-executive Directors. Biographical details of each Director in office during the year appear on page 18. 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 M.J.Ayrton. 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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE (continued)

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 2004.

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 four Directors, two 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.

Since the resignation of G.Cole on 1 July 2003 the Board has only had two non executive directors. Therefore the Audit Committee does not comprise sufficient members to comply with provision D.3.1 of the combined code which requires at least three directors on the Committee.

By order of the Board



S. Yoganathan ACMA
Company Secretary
22nd September 2004

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

Anthony Caplin *† (Age 53)

Deputy Chairman and senior independent non executive Director

Anthony Caplin is non-executive Chairman of several companies including Durlacher Plc and Ealing Hospital NHS Trust, and senior non-executive Director of Easynet Plc and Tadpole Technology Plc. He is also non-executive Director of Hand Picked Hotels Limited and Alternative Networks Limited and a commissioner for the Public Works Loan Board.

Michael Ayrton *† (Age 60)

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.

* Member of Remuneration Committee

† Member of Audit Committee

Executive Directors

David Michael Phillips (Age 59)

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 60)

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

Registrars

Computershare Services plc
PO Box 82
The Pavillions
Bridgwater Road
Bristol
BS99 7NH

Registered Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

Bankers

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

Stockbrokers

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHAMBER PLC

We have audited the financial statements of Northamber Plc for the year ended 30 June 2004 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHAMBER PLC

(continued)

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 30 June 2004 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

22nd September 2004

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 2004.

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 and Standard Life. 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 2004

	Notes	2004 Before Exceptional Items £'000	2004 Exceptional Items (note 4) £'000	2004 Total £'000	2003 Total £'000
Turnover	2	232,809		232,809	240,481
Cost of sales		(213,862)		(213,862)	(221,563)
Gross profit		<u>18,947</u>		<u>18,947</u>	<u>18,918</u>
Distribution costs		(10,548)	-	(10,548)	(11,073)
Administrative expenses		(6,624)	(393)	(7,017)	(7,660)
Other operating income		226	-	226	220
Operating profit	3	<u>2,001</u>	<u>(393)</u>	<u>1,608</u>	<u>405</u>
Interest receivable		209	-	209	103
Interest payable	6	(5)	-	(5)	(86)
Profit on ordinary activities before taxation		<u>2,205</u>	<u>(393)</u>	<u>1,812</u>	<u>422</u>
Tax on profit on ordinary activities	7			(647)	(116)
Profit on ordinary activities after taxation				<u>1,165</u>	<u>306</u>
Equity dividends	8			(1,261)	(977)
Amount transferred from reserves	18			(96)	(671)
Earnings per ordinary share	10			<u>3.67p</u>	<u>0.94p</u>
Diluted earnings per share	10			<u>3.67p</u>	<u>0.94p</u>

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 2004

	2004	2003
	£'000	£'000
Profit for the financial year	1,165	306
Currency translation differences on foreign currency net investments	7	(26)
Total recognised gains relating to the year	<u>1,172</u>	<u>280</u>
Total recognised gains and losses since last report	<u><u>1,172</u></u>	<u><u>280</u></u>

CONSOLIDATED BALANCE SHEET

At 30th June 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	11	4,541	5,575
Investments	12	2,837	2,837
		<u>7,378</u>	<u>8,412</u>
Current assets			
Stocks	13	17,363	13,214
Debtors - amounts falling due within one year	14	26,887	27,249
Cash at bank and in hand		9,150	7,165
		<u>53,400</u>	<u>47,628</u>
Current liabilities			
Creditors - amounts falling due within one year	15	(28,888)	(23,324)
Net current assets			
		<u>24,512</u>	<u>24,304</u>
Total assets less current liabilities			
Provisions for liabilities and charges	16	(783)	(859)
Net assets			
		<u>31,107</u>	<u>31,857</u>
Capital and reserves			
Called up share capital	17	1,566	1,620
Share premium account	18	5,734	5,724
Capital redemption reserve	18	221	165
Profit and loss account	18	23,586	24,348
Equity shareholders' funds			
	19	<u>31,107</u>	<u>31,857</u>

The financial statements on pages 22 to 36 were approved by the Board of Directors on 22nd September 2004 and were signed on its behalf by :



D. M. Phillips
Chairman



H. W. Matthews
Managing Director

COMPANY BALANCE SHEET

At 30th June 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	11	4,541	5,575
Investments	12	2,837	2,837
		<u>7,378</u>	<u>8,412</u>
Current assets			
Stocks	13	17,363	13,214
Debtors - amounts falling due within one year	14	26,860	27,216
Cash at bank and in hand		9,149	7,164
		<u>53,372</u>	<u>47,594</u>
Current liabilities			
Creditors - amounts falling due within one year	15	(28,942)	(23,570)
Net current assets		<u>24,430</u>	<u>24,024</u>
Total assets less current liabilities		31,808	32,436
Provisions for liabilities and charges	16	(783)	(859)
Net Assets		<u><u>31,025</u></u>	<u><u>31,577</u></u>
Capital and reserves			
Called up share capital	17	1,566	1,620
Share premium account	18	5,734	5,724
Capital redemption reserve	18	221	165
Profit and loss account	18	23,504	24,068
Equity shareholders' funds		<u><u>31,025</u></u>	<u><u>31,577</u></u>



D.M. Phillips
Chairman



H.W. Matthews
Managing Director

22nd September 2004

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June 2004

	Notes	2004 £'000	2003 £'000
Cash inflow/(outflow) from continuing operating activities	20	3,669	(365)
Returns on investments and servicing of finance			
Interest received		209	103
Interest paid		(5)	(86)
Income from fixed asset investments		220	219
Net cash inflow from returns on investments and servicing of finance		424	236
Taxation			
UK corporation tax (paid)/received		(529)	179
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(314)	(408)
Sale of tangible fixed assets		365	62
Net cash inflow/(outflow) from capital expenditure and financial investment		51	(346)
Equity dividends paid		(970)	(978)
Cash inflow/(outflow) before financing		2,645	(1,274)
Financing			
Purchase of shares		(672)	(174)
Issue of ordinary share capital		12	26
Net cash outflow from financing		(660)	(148)
Increase/(decrease) in cash in the year	20	1,985	(1,422)

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	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Dealing in computers, computer printers and peripheral equipment	232,809	240,481	1,812	422

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:

	2004 £'000	2003 £'000
Other operating income	(6)	(220)
Income from fixed asset investment	(220)	(219)
Staff costs (see note 5)	9,516	10,272
Rentals under other operating leases - land and buildings	699	893
Depreciation of tangible fixed assets	907	1,054
Loss on sale of Fixed Assets	83	7
Auditors' remuneration (Group and Company) -audit services	60	60
-other services	6	7

4. Exceptional loss on disposal of leasehold property

	2004 £'000	2003 £'000
Exceptional loss on disposal of leasehold property	393	-
	<u>393</u>	<u>-</u>
	=====	=====

NOTES TO THE ACCOUNTS

5. Directors and employees

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

	2004	2003
	Number	Number
Sales	112	128
Administration	98	100
Warehouse	70	77
Engineering	19	30
	<u>299</u>	<u>335</u>
	<u><u>299</u></u>	<u><u>335</u></u>

Staff costs:

	£'000	£'000
Wages and salaries	8,455	9,194
Social security costs	922	923
Other pension costs	139	155
	<u>9,516</u>	<u>10,272</u>
	<u><u>9,516</u></u>	<u><u>10,272</u></u>

At the year end there was an accrual of £18,000 (2003:£nil) 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 page 12.

6. Interest payable

On bank overdrafts	2	85
Other	3	1
	<u>5</u>	<u>86</u>
	<u><u>5</u></u>	<u><u>86</u></u>

7. Taxation on ordinary activities

Current taxation		
UK corporation tax: charge for the year	690	210
Adjustments in respect of prior years	33	(71)
	<u>723</u>	<u>139</u>
Total current taxation	<u>723</u>	<u>139</u>
Deferred tax:		
Origination and reversal of timing differences	(76)	(23)
	<u>647</u>	<u>116</u>
Tax on profit on ordinary activities	<u><u>647</u></u>	<u><u>116</u></u>

7. Taxation on ordinary activities (continued)

The standard rate of corporation tax is 30% (2003 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.

	2004	2003
	£'000	£'000
Profit on ordinary activities before tax	1,812	422
Tax on profit on ordinary activities at standard rate	544	127
Factors affecting charge for the year:		
Depreciation for period in excess of Capital allowances	121	105
Utilisation of tax losses	(6)	-
Expenses not deductible for tax purposes	15	5
Marginal relief	-	(20)
Profit on sale of fixed assets	25	2
Capitalised revenue expenditure	(9)	(9)
Adjustments to tax charge in respect of prior years	33	(71)
Total actual amount of current tax	<u>723</u>	<u>139</u>

8. Dividends

Ordinary interim dividend paid of 1.1p per share (2003: 1.0p per share)	344	324
Ordinary final dividend proposed of 3.0p per share (2003: 2.0p per share)	939	648
(Over)/Under provision of previous year's final dividend	(22)	5
	<u>1,261</u>	<u>977</u>

9. Profit for the year

Dealt with in the accounts of the Company	<u>1,158</u>	<u>329</u>
---	--------------	------------

NOTES TO THE ACCOUNTS

10. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit after taxation of £1,165,000 (2003: £306,000) and on 31,770,085 ordinary shares (2003: 32,511,604). The number of ordinary shares in issue during the years ended 30th June 2004 and 30th June 2003 were the weighted average in issue during each year.

Computation of Earnings per share for 2004

	<u>Per share</u>	<u>Earnings</u>	<u>Shares</u>
Net profit for year		£1,165,000	
Weighted average shares outstanding during year			31,770,085
Basic earnings per share	3.67p		
Dilutive effect of options			(4,317)
Diluted earnings per share	3.67p	£1,165,000	31,765,768

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 2003	3,061	2,500	13	2,717	129	604	9,024
Additions	12	29	-	91	3	179	314
Disposals	-	(893)	(13)	(945)	-	(195)	(2,046)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2004	3,073	1,636	-	1,863	132	588	7,292
Depreciation							
At 1st July 2003	328	818	9	1,842	66	386	3,449
Charge for the year	181	179	-	408	32	107	907
Eliminated on Disposals	-	(523)	(9)	(925)	-	(148)	(1,605)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2004	509	474	-	1,325	98	345	2,751
Net book value							
At 30th June 2004	<u>2,564</u>	<u>1,162</u>	<u>-</u>	<u>538</u>	<u>34</u>	<u>243</u>	<u>4,541</u>
Net book value							
At 30th June 2003	<u>2,733</u>	<u>1,682</u>	<u>4</u>	<u>875</u>	<u>63</u>	<u>218</u>	<u>5,575</u>

12. Investments

	Notes	Group		Company	
		2004 £'000	2003 £'000	2004 £'000	2003 £'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 one significant trading subsidiary, Solution Technology Limited, which is incorporated in Great Britain, is wholly owned and distributes computer software and computer peripherals allied to its computer graphics software. All other subsidiaries are dormant.

Company

	2004 £'000	2003 £'000
Shares in Group companies		
At cost	32	32
Provision	(32)	(32)
Book value brought and carried forward	<u>-</u>	<u>-</u>

b) Loan to Group company

Loan	815	815
Provision	(815)	(815)
	<u>-</u>	<u>-</u>

Group and Company

c) Freehold investment properties

Balance brought and carried forward	<u>2,833</u>	<u>2,833</u>
-------------------------------------	--------------	--------------

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 2004.

d) Other Investments, other than loans

Balance brought and carried forward	<u>4</u>	<u>4</u>
-------------------------------------	----------	----------

NOTES TO THE ACCOUNTS

13. Stocks

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Stocks comprise:				
Goods for resale	17,363	13,214	17,363	13,214

14. Debtors

Amounts falling due within one year

Trade debtors	26,450	26,837	26,392	26,768
Amount owed by subsidiaries	-	-	31	36
Other debtors	68	-	68	-
Prepayments and accrued income	369	412	369	412
	<u>26,887</u>	<u>27,249</u>	<u>26,860</u>	<u>27,216</u>

15. Creditors

Amounts falling due within one year

Trade creditors	24,963	19,792	24,963	19,775
Amount owed to subsidiaries	-	-	56	269
Corporation tax	396	202	396	201
Other taxation and social security payable	1,380	1,811	1,380	1,811
Other creditors	162	142	162	137
Accruals and deferred income	1,048	729	1,047	729
Dividend payable	939	648	938	648
	<u>28,888</u>	<u>23,324</u>	<u>28,942</u>	<u>23,570</u>

16. Provisions for liabilities and charges

Deferred tax movement

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Balance at 1st July 2003	859	882	859	882
Profit and loss (credit)	(76)	(23)	(76)	(23)
Balance at 30th June 2004	<u>783</u>	<u>859</u>	<u>783</u>	<u>859</u>

Provision for deferred taxation consists of the following amounts:

Capital allowances in excess of depreciation	80	156	80	156
Other timing differences, Enterprise Zone allowance	703	703	703	703
	<u>783</u>	<u>859</u>	<u>783</u>	<u>859</u>

NOTES TO THE ACCOUNTS

17. Called up share capital

	2004 Number of ordinary shares	2003 Number of ordinary shares	2004 £'000	2003 £'000
Authorised:				
Ordinary shares of 5p each	40,000,000	40,000,000	2,000	2,000
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Allotted, called up and fully paid:				
Ordinary shares of 5p each	31,316,000	32,399,000	1,566	1,620
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

At 30th June 2004, options over 158,200 ordinary shares of 5p each remained outstanding. The aggregate value of subscription prices of these options is £116,672.

The options outstanding at 30th June 2004 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 26th June 2004 options over 32,000 ordinary shares of 5p each were exercised at a subscription price of 38.75p per share.

During the year the Company purchased 1,115,000 ordinary shares of 5p each at a total cost including expenses of £672,971.

18. Reserves

	Group		Company	
	Share Premium Account £'000	Profit & Loss Account £'000	Share Premium Account £'000	Profit & Loss Account £'000
At 1st July 2003	5,724	24,348	5,724	24,068
Amount transferred from reserves	-	(96)	-	109
Purchase of own shares	-	(673)	-	(673)
Issue of Shares	10	-	10	-
Gain on exchange	-	7	-	-
At 30th June 2004	<u>5,734</u>	<u>23,586</u>	<u>5,734</u>	<u>23,504</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

	Group Capital redemption reserve £'000	Company Capital redemption reserve £'000
At 1st July 2003	165	165
Transfer from share capital account	56	56
At 30th June 2004	<u>221</u>	<u>221</u>
	<u>=====</u>	<u>=====</u>

NOTES TO THE ACCOUNTS

19. Reconciliation of movements in equity shareholders' funds

	2004 £'000	2003 £'000
Profit for the financial year	1,165	306
Dividends	(1,261)	(977)
	<u>(96)</u>	<u>(671)</u>
Other recognised profit/(loss) relating to the year (net)	7	(26)
Decrease in share capital	(54)	(3)
Increase in Share Premium Account	10	13
Increase in Capital Redemption Reserve Fund	56	17
	<u>(77)</u>	<u>(670)</u>
Net decrease in shareholders' funds	(77)	(670)
Opening equity shareholders' funds	31,857	32,701
Purchase of own shares	(673)	(174)
	<u>31,107</u>	<u>31,857</u>
Closing equity shareholders' funds	<u>31,107</u>	<u>31,857</u>

20. Cash flow

a) Reconciliation of operating profit to operating cash flows

	Group	
	2004 £'000	2003 £'000
Continuing operations		
Operating profit	1,608	405
Loss on sale of fixed assets	83	7
Income from fixed assets investments	(220)	(219)
Depreciation of tangible fixed assets	907	1,054
(Increase)/decrease in stocks	(4,149)	1,376
Decrease/(increase) in trade debtors	387	(338)
(Increase)/decrease in other debtors	(68)	8
Decrease in prepayments and accrued income	43	78
Increase/(decrease) in trade creditors	5,171	(2,467)
Decrease in other taxation and social security	(431)	(7)
Increase/(decrease) in accruals and deferred income	318	(403)
Increase in other creditors	20	141
	<u>3,669</u>	<u>(365)</u>
Net cash inflow/(outflow) from continuing operating activities	<u>3,669</u>	<u>(365)</u>

NOTES TO THE ACCOUNTS

20. Cash flow (continued)

	2004 £'000	2003 £'000
b) Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash in the year	1,985	(1,422)
Change in net funds resulting from cash flows in the year	1,985	(1,422)
Net funds brought forward	7,165	8,587
Net funds carried forward	9,150	7,165
c) Analysis of net funds		

	At 1st July 2003 £'000	Cash Flow £'000	At 30th June 2004 £'000
Cash at bank and in hand	7,165	1,985	9,150

21. Capital commitments

There were no capital commitments at 30th June 2004 (2003- £nil).

22. Financial commitments

At 30th June 2004 the Group had annual commitments under non-cancellable operating leases as follows :

	2004 Land and buildings £'000	2003 Land and buildings £'000
Expiring within one year	-	-
Expiring between two and five years	-	-
Expiring in over five years	594	997
	594	997

NOTES TO THE ACCOUNTS

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 2004 the aggregate of overdrafts relating to these companies was £Nil (2003- £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 5th November 2004 at 11.00a.m. for the following purposes:-

1. To receive and adopt the Company's accounts for the year ended 30th June 2004 and the Directors' and auditors' reports thereon.
2. To receive and approve the Report to Shareholders by the Board on Director's Remuneration.
3. To declare a dividend on the ordinary shares of the Company.
4. Re-elect Mr D.M.Phillips as a Director.
5. Re-elect Mr H.W.Matthews 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 £203,554 provided that this authority (unless previously revoked or renewed) shall expire on 5th November 2005 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 2006 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 £7,910;

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 3,131,600 representing 10 per cent 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
22nd September 2004

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK



Northamber Plc, Namber House,
23 Davis Road, Chessington, Surrey, KT9 1HS

UK TEL: (+44) 020 8296 7000 FAX: (+44) 020 8296 7060 www.northamber.com