NORTHAMBER

Report & Accounts

Full year ended 30 June 2007

NORTHAMBER

CONTENTS

SUMMARY OF LAST FIVE YEARS' TRADING

	-------------------Years ending 30 June-------------------				
	2007	**2006**	**2005**	**2004**	**2003**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	182,191	204,408	236,271	232,809	240,481
Profit before tax	592	434	2,613	1,812	422
Earnings per share	3.62p	0.75p	5.47p	3.67p	0.94p
Net assets per share	100.2p	98.7p	102.7p	99.3p	98.3p
Dividends per share(net)	2.2p	2.1p	6.0p	4.1p	3.0p

CHAIRMAN'S STATEMENT

Results

Despite increased unit volumes, sales decreased to £182.2 million (2006: £204.4 million) and were accompanied by a 0.5 per cent. reduction in gross margins. These were in part the result of the slow acceptance of Windows Vista and a weaker US Dollar driving further price deflation in key volume product areas. The increase in Pre-tax profits to £0.59 million (2006: £0.43million), was largely attributable to a £0.27 million increase in investment revenue. Profitable trading conditions continued to be challenging.

Due to the release of a deferred tax provision of £0.70 million, as detailed below, profit after tax for the year increased to £1.102 million (2006: £0.231 million). Earnings per share showed an increase to 3.62p (2006: 0.75p).

Working capital controls improved net cash over the year by some £6.56m to £14.8m at the year end (2006: £8.3m). Similarly the net asset value also increased from last year's £30.08 million to £30.5 million. These improvements are also partly the effect of the sale in September 2006 of an investment property and release of the deferred tax position.

Trading conditions required a necessary further strengthening of our monitoring of customer and stock profiles to avoid either excessive or unrewarding credit or stock risks. Increasing levels of sector bad debt show our own controls to have served us well with a bad debts charge of less than 0.07 per cent. of sales for the year (2006: 0.10 per cent.).

Longer lead times with so many vendors both sourcing and shipping from China reduced stock turns to 14.5 from last year's 21 times and affected optimised returns. This translating into a contributory cause for the 0.5% reduction in gross margins

The Balance Sheet

The grant of a 175 year lease in the enterprise zone investment property in Arbroath during the year enabled the release of the related deferred tax provision of £0.70m. This release has been made through the tax charge of the Income Statement and has enhanced the earnings per share by some 2.31p. Without that release the earnings per share would have been 1.31p per share which shows an increase over the previous year's earnings per share of 0.75p

The Group retains the freehold interest which has a negligible value and a contingent liability of £0.70m exists in respect of tax clawback and this is disclosed in the accounts. The Directors believe that any realisation of this liability has an extremely low level of probability.

The maintenance of a healthy balance sheet is one of our continuing objectives. This we achieved with a working capital ratio in excess of 2. The cash balance increased over the year by some £6.5m to £14.8m at the year end. With this level of financial support we are well able to deal with any foreseeable disturbances in our market place.

The release of the deferred tax provision in respect of the Arbroath property contributed towards the increase in the net assets of the group to in excess of £30.5m, equivalent to 100.2p per share (2006: 98.7p).

Dividend

Whilst profits have been constrained by adverse trading conditions over the past 2 years, the balance sheet continues to be exceptionally sound, with a very strong cash position.

These results for the year as a whole enable your Board to feel it appropriate to recommend a final dividend of 1.0p per share, making a total of 2.2p for the year (2006: 2.1p).

If approved at the AGM, the proposed final dividend will be payable on 10 January 2008 to members on the Register as at 7 December 2007.

Outlook

On a very slightly more positive note, trading in the early months of the current period showed revenue improvements when compared with the previous year. With a likely tightening in the availability of credit, it remains to be seen if this improvement can be sustained.

Subject to the state of the economy as a whole and our own performance within our sector, your Board is cautiously confident in the outcome for the new trading year.

D.M. Phillips
Chairman
5 October 2007

BUSINESS AND FINANCIAL REVIEW

Operating Review

As outlined in the Chairman's Statement the 2006/07 results reflect the difficult and depressed market conditions in the IT hardware sector.

The very experienced management team has continued to focus on business efficiency to ensure the maximum profit is derived from marginal sales in a very competitive market.

Financial Review

As detailed in the Chairman's Statement sales decreased by some £22 million to £182.2 million with pre-tax profits of £592,000.

Gross margin decreased over the year from 7.09% to 6.59% and gross profit decreased from £14.49 million to £12.01 million. Controls over overheads meant that operating profit decreased from £127,000 to £42,000 for the year.

Stringent control over working capital meant that a significant net cash balance was maintained amounting to £14.86 million at the end of the year. Average debtor days were 44 (2006: 41) and the average creditor days were 41 (2006: 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.

The group is exposed to credit risk relating to its receivables due to the terms of trade offered to its customers. This risk is managed by stringent controls on credit worthiness applied to customers and prospective customers and subsequently by the frequent and detailed control of outstanding debt from customers.

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.

H.W.Matthews
Managing Director
5 October 2007

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the accounts for the year ended 30 June 2007.

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 income statement 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.

The competitive pressure in the sector is a continuing risk for the company, which could result in it losing sales to its key competitors, but the company manages this risk by providing additional services to its customers in relation to next day deliveries, credit limits, handling queries efficiently and by maintaining a strong relationship with the customer.

The creditor days have increased to 41 days (2006: 29) due mainly to changes in the terms of trade of some of the major suppliers.

The company debtor days of 44 has increased marginally over the previous year's (2006: 41).

Stock turn for the year was 14.5 times (2006: 21), this decrease was due in part to longer lead times with suppliers sourcing their products from China.

Further details of principal risks and uncertainties facing the business are detailed in the business and financial review on page 7.

Dividends
The following dividends were paid in the year ended 30 June 2007.

	2007	**2006**
	£'000	**£'000**
Ordinary dividends -		
Previous years final dividend paid	306	1,238
Interim paid	365	338
	671	1,576

The final proposed dividend of 1.0p (2006: 1.0p) will be paid on 10 January 2008 to all members on the register at the close of business on 7 December 2007.

Directors
The current directors of the company are listed on page 19. There have been no changes in directors during the year.

REPORT OF THE DIRECTORS (continued)

Each of the persons who is a director at the date of approval of this report confirms that:

1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Substantial Shareholdings
The following shareholders held disclosable interests, as defined by Section 992 of the Companies Act 2006, at 31 August 2007 as detailed below:

	Ordinary Shares of 5p each
D.M. Phillips	56.83%
BNY(OCS) Nominees Limited	11.35%
Quiros Limited	3.07%
H.W. Matthews	3.30%

Purchase of own Shares
At the end of the year, the directors had authority, under the shareholders' resolutions of 23 November 2006 to purchase through the market 3,045,810 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 ten dealing days immediately preceding the day on which the shares are contracted to be purchased. This authority expires on 16 November 2007, the date of the next Annual General Meeting.

Auditors
A resolution to appoint Grant Thornton UK 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 30 June 2007 were 41 (2006: 29). It is the company's policy to take full advantage of settlement discounts offered by suppliers. The increase in the number of Creditor days at the end June 2007 was due mainly to changes in the terms of trade of some major suppliers.

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

REPORT OF THE DIRECTORS (continued)

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 nil (2006: nil). No political donations were made in the year (2006: nil).

By order of the Board

S. Yoganathan ACMA
Company Secretary
5 October 2007

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Introduction
This report has been prepared in accordance with Schedule 7A of the Companies Act 1985, the Directors Remuneration Report Regulations 2002 (the "Regulations") and schedule B to the Combined Code relating to directors' remuneration. This report has been approved by the board and, 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 shareholders on certain parts of the Directors' Remuneration Report and to state whether in their opinion these parts of the report have 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 Committee
The directors' remuneration committee comprised the non-executive directors, with Mr R.F. Heath the chairman of the committee. This committee meets at least once a year and 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 an 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.

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.

NORTHAMBER

REPORT TO SHAREHOLDERS BY THE BOARD ON DIRECTORS' REMUNERATION

Share options
There are no share option schemes in force in the company.

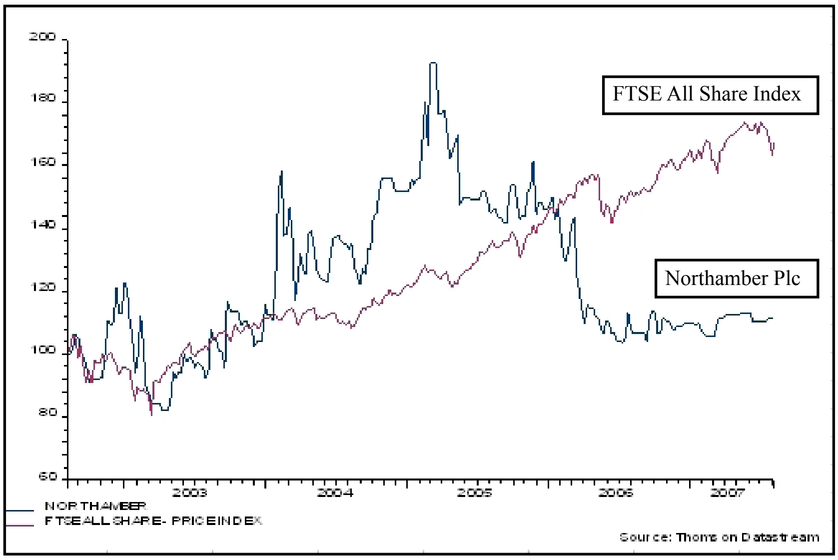
Pensions
The company makes contributions to defined contribution Personal Pension Schemes for all the executive directors. The amounts paid are detailed below. The pension scheme for D.M. Phillips and H.W. Matthews is a small, self-administered scheme that is limited by trust deed and scheme rules. The elements of remuneration that are pensionable are discretionary under the scheme. For the year to 30 June 2007 no contributions were made to the scheme (2006: £118,650). 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 1 April 2007 as one year rolling contracts.

The non-executive directors do not have service contracts with the company. The terms of their appointment are reviewed by the board every two years and are available for inspection on request. Non executive directors who have been in service for more than nine years are subject to annual election.

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 Fee		Bonus Payments		Benefits		Total		Pension	
	2007 £'000	**2006 £'000**	**2007 £'000**	**2006 £'000**	**2007 £'000**	**2006 £'000**	**2007 £'000**	**2006 £'000**	**2007 £'000**	**2006 £'000**
Executive										
D.M.Phillips	128	90	-	-	25	36	153	126	-	45
H.W.Matthews	200	150	-	-	33	31	233	181	-	74
Non-Executive										
A.L.Caplin	10	10	-	-	-	-	10	10	-	-
R.F.Heath	10	10	-	-	-	-	10	10	-	-
	348	260	-	-	58	67	406	327	-	119

For the year ended 30 June 2007, Mr D.M. Phillips has waived £52,000 of his salary.

Directors' interests

Interests in shares
Directors in office at 30 June 2007 had the following beneficial interests in the shares of the company:

Ordinary Shares of 5p each	30 June 2007	30 June 2006
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
R.F. Heath	5,000	5,000

Between 30 June 2007 and 31 August 2007 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 29 June 2007 was 67.5p. The range of market prices during the year was 63.0p to 69.5p.

S.Yoganathan ACMA
By order of the Board
5 October 2007

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.

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 board has not established a Nominations Committee. At the year end 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.

During the year the Audit Committee comprised the two non executive directors.

The arrangements by which company staff may raise concerns about possible improprieties in matters of financial reporting or other matters were not considered or formalised until after the end of the year. This review has taken place during September 2007.

Non executive directors – during the year to 30 June 2007, the non executive directors comprised Mr A. Caplin and Mr R. Heath. Mr A. Caplin has been a non executive director for nine years and has a substantial shareholding in the company, the board considers that because of Mr A. Caplin's wide range of other interests in the corporate sector, these facts of themselves has not in any way impeded his independence

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 19. The roles of the 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
Subject to the compliance statement above ,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.

CORPORATE GOVERNANCE

Main board responsibilities
The board meets formally at regular intervals during the year. Meetings are chaired by the executive chairman. 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.

Directors attendance
The following table shows the attendance of directors at the board and committee meetings held in the last year.

	Board Meetings	Audit Committee	Remuneration Committee
No. of meetings	6	2	1
David Michael Phillips	6	N/A	N/A
Henry William Matthews	6	N/A	N/A
Anthony Caplin	6	2	1
Reginald Heath	6	2	1

Board Committees

- **Audit Committee**
  The Audit Committee, chaired by Mr A.L. Caplin, comprised the non-executive directors. The company secretary acts as secretary to the committee. 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. The terms of reference of the audit committee have been reviewed and are available on request by writing to the Company Secretary at the registered address.

- **Remuneration Committee**
  At the year end the Remuneration Committee comprised both non-executive directors, Mr R.F. Heath (Chairman) and Mr A.L. Caplin. The company secretary acts as secretary to the committee. The committee meets at least once a year and is responsible for setting the remuneration policy and annual salaries that apply to executive directors.

- **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.

Board Effectiveness
Under the new Combined Code, the board is required each year to carry out a formal and rigorous evaluation of its own performance and that of its committees and individual directors. In July 2006 the chairman led an evaluation of the board's performance. The evaluation included a review of the role and structure of the board, board and committee meetings, processes, corporate governance issues and an assessment of the contribution of individual directors. The results of the evaluation were presented to the board by the chairman. The board considered the issues identified and during the year to end June 2007 has taken action to address those issues.

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. 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. As and when areas of improvement are brought to the attention of the board and management steps are taken to further embed internal control and risk management into the operations of the business.

CORPORATE GOVERNANCE

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 2006, a further review of the control procedures and risk factors pertaining to the company was undertaken in July 2007. The conclusions of both these reviews were that the systems and operations of the internal controls remained effective and appropriate to the operations of the company

By order of the Board

S.Yoganathan ACMA
Company Secretary
5 October 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition of criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Boards 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by the compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS AND ADVISERS

Non-executive Directors

Anthony Caplin *† (Age 56)
Deputy Chairman and senior independent non-executive director
Anthony Caplin is a non-executive director of several companies including Panmure Gordon & Co Plc, Hand Picked Hotels Limited and Alternative Networks Limited. He is senior non-executive director of Easynet Plc and Chairman of ANT plc and Gladstone plc. He is chairman of Ealing Hospital NHS Trust and is also a commissioner for the Public Works Loan Board.

Reginald Heath *† (Age 66) FCIS, FIMI
Reginald Heath has over 30 years experience in the motor trade, formerly being Director of Motor Operations at Inchcape plc.

* Member of Remuneration Committee
† Member of Audit Committee

Executive Directors

David Michael Phillips (Age 62)
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 63)
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
Grant Thornton
Chartered Accountants
1 Dorset Street
Southampton
SO15 2DP

Bankers
Allied Irish Bank plc
Wimbledon Branch
The Broadway
Wimbledon
SW19 1FF

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

NORTHAMBER

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF NORTHAMBER PLC

We have audited the group and parent company financial statements (the “financial statements”) of Northamber Plc for the year ended 30 June 2007 which comprise the principal accounting policies, the consolidated income statement, the consolidated and parent company balance sheets, the consolidated and parent company cash flow statements, the consolidated and parent company statements of changes in members’ equity, and notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors’ Remuneration Report that is described as having been audited.

This report is made solely to the company’s members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors’ responsibilities for preparing the Annual Report, the Directors’ Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors’ Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors’ Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors’ Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements. The information given in the Directors’ Report includes that specific information presented in the Chairman’s statement that is cross-referred from the Business Review section of the Directors’ Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company’s compliance with the nine provisions of the 2003 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors’ Report, the unaudited part of the Directors’ Remuneration Report, the Chairman’s Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion
In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 June 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 June 2007;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Separate opinion in relation to IFRSs
As explained in Note 2 to the group financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 30 June 2007 and of its profit for the year then ended.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
Registered Auditor
Chartered Accountants
5 October 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2007

	Notes	2007 Total £'000	2006 Total £'000
Continuing operations:			
Revenue	3	182,191	204,408
Cost of sales		(170,174)	(189,912)
Gross profit		12,017	14,496
Distribution cost		(6,835)	(8,690)
Administrative expenses		(5,140)	(5,679)
Profit from operations	4	42	127
Investment revenue	6	608	337
Finance costs	7	(58)	(30)
Profit before tax		592	434
Tax	8	510	(203)
Profit for the year from continuing operations		1,102	231
Basic earnings per ordinary share	10	3.62p	0.75p
Diluted earnings per ordinary share	10	3.62p	0.75p

All profit for the current and prior year arise from total and discontinued activities.

STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in Equity at 30 June 2007

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2005	1,551	5,734	236	24,323	31,844
Profit for the year	-	-	-	231	231
Total recognised income for the year	-	-	-	231	231
Purchase of own shares	(28)	-	28	(421)	(421)
Dividends	-	-	-	(1,576)	(1,576)
Balance at 30 June 2006	1,523	5,734	264	22,557	30,078
Balance at 1 July 2006	1,523	5,734	264	22,557	30,078
Profit for the year	-	-	-	1,102	1,102
Total recognised income for the year	-	-	-	1,102	1,102
Dividends	-	-	-	(671)	(671)
Balance at 30 June 2007	1,523	5,734	264	22,988	30,509

Statement of changes in Equity – Parent Company at 30 June 2007

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2005	1,551	5,734	236	24,199	31,720
Profit for the year	-	-	-	220	220
Total recognised income for the year	-	-	-	220	220
Purchase of own shares	(28)	-	28	(421)	(421)
Dividends	-	-	-	(1,576)	(1,576)
Balance at 30 June 2006	1,523	5,734	264	22,422	29,943
Balance at 1 July 2006	1,523	5,734	264	22,422	29,943
Profit for the year	-	-	-	1,056	1,056
Total recognised income for the year	-	-	-	1,056	1,056
Dividends	-	-	-	(671)	(671)
Balance at 30 June 2007	1,523	5,734	264	22,807	30,328

NORTHAMBER

CONSOLIDATED BALANCE SHEET

at 30 June 2007

	Notes	2007 £'000	2006 £'000
Non current assets			
Property, plant and equipment	11	3,562	3,911
Current assets			
Trading investments	14	-	1
Inventories	15	11,728	9,052
Trade and other receivables	16	26,324	27,644
Cash and cash equivalents	17	14,860	9,821
		52,912	46,518
Non current assets held for sale	12	-	2,483
Total assets		56,474	52,912
Current liabilities			
Trade and other payables	18	(25,734)	(20,426)
Bank overdraft	19	-	(1,522)
Tax liabilities	20	(167)	(126)
		(25,901)	(22,074)
Non current liabilities			
Deferred tax liabilities	21	(64)	(760)
Total liabilities		(25,965)	(22,834)
Net assets		30,509	30,078
Equity			
Share capital	22	1,523	1,523
Share premium account	23	5,734	5,734
Capital redemption reserve	23	264	264
Retained earnings	23	22,988	22,557
Equity shareholders' funds	24	30,509	30,078

The financial statements on pages 22 to 42 were approved by the board of directors on 5 October 2007 and were signed on its behalf by:

D.M. Phillips
Chairman

H.W. Matthews
Managing Director

COMPANY BALANCE SHEET

At 30 June 2007

	Notes	2007 £'000	2006 £'000
Non current assets			
Property, plant and equipment	11	3,562	3,911
Investment in Group companies	13	-	-
		3,562	3,911
Current assets			
Trading investments	14	-	1
Inventories	15	11,728	9,052
Trade and other receivables	16	26,143	27,602
Cash and cash equivalents	17	14,860	9,821
		52,731	46,476
Non current assets held for sale	12	-	2,483
Total assets		56,293	52,870
Current liabilities			
Trade and other payables	18	(25,734)	(20,519)
Bank overdraft	19	-	(1,522)
Tax liabilities	20	(167)	(126)
		(25,901)	(22,167)
Non current liabilities			
Deferred tax liabilities	21	(64)	(760)
Total liabilities		(25,965)	(22,927)
Net assets		30,328	29,943
Equity			
Share capital	22	1,523	1,523
Share premium account	23	5,734	5,734
Capital redemption reserve	23	264	264
Retained earnings	23	22,807	22,422
Equity shareholders' funds	24	30,328	29,943

D.M. Phillips
Chairman

H.W. Matthews
Managing Director

NORTHAMBER

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2007

	2007 £'000	2006 £'000
Cash inflow from operating activities		
Operating profit from continuing operations	42	127
Depreciation of property, plant and equipment	456	564
Loss/(profit) on disposal of property, plant and equipment	18	(7)
Loss/(profit) on sale of investment property	48	-
Operating profit before changes in working capital	564	684
(Increase)/decrease in inventories	(2,676)	4,838
Decrease/(increase) in trade and other receivables	1,320	3,576
Increase/(decrease) in trade and other payables	5,308	(8,109)
Cash generated from operations	4,516	989
Interest paid	(58)	(30)
Income taxes paid	(145)	(485)
Net cash from operating activities	4,313	474
Cash flows from investing activities		
Interest received	533	139
Proceeds from disposal of property, plant and equipment	30	17
Proceeds from disposal of investment property	2,435	-
Purchase of property, plant and equipment	(154)	(266)
Income from investments	75	198
Net cash from investing activities	2,919	88
Cash flows from financing activities		
Purchase of own shares for cancellation	-	(421)
Dividends paid to equity shareholders	(671)	(1,576)
Net cash used in financing activities	(671)	(1,997)
Net increase/(decrease) in cash and cash equivalents	6,561	(1,435)
Cash and cash equivalents at beginning of year	8,299	9,734
Cash and cash equivalents at end of year	14,860	8,299
Cash and cash equivalents for the purpose of this statement comprise:		
Cash and cash equivalents	14,860	9,821
Bank overdrafts	-	(1,522)
	14,860	8,299

COMPANY CASH FLOW STATEMENT

For the year ended 30 June 2007

	2007 £'000	2006 £'000
Cash inflow from operating activities		
Operating profit from continuing operations	(4)	116
Depreciation of property, plant and equipment	456	564
Loss/(profit)on disposal of property, plant and equipment	18	(7)
Loss/(profit) on sale of investment property	48	-
Operating profit before changes in working capital	518	673
(Increase)/decrease in inventories	(2,676)	4,838
Decrease/(increase) in trade and other receivables	1,459	3,603
Increase/(decrease) in trade and other payables	5,215	(8,125)
Cash generated from operations	4,516	989
Interest paid	(58)	(30)
Income taxes paid	(145)	(485)
Net cash from operating activities	4,313	474
Cash flows from investing activities		
Interest received	533	139
Proceeds from disposal of property, plant and equipment	30	17
Proceeds from disposal of investment property	2,435	-
Purchase of property, plant and equipment	(154)	(266)
Income from investments	75	198
Net cash from investing activities	2,919	88
Cash flows from financing activities		
Purchase of own shares for cancellation	-	(421)
Dividends paid to equity shareholders	(671)	(1,576)
Net cash used in financing activities	(671)	(1,997)
Net (decrease)/increase in cash and cash equivalents	6,561	(1,435)
Cash and cash equivalents at beginning of year	8,299	9,734
Cash and cash equivalents at end of year	14,860	8,299
Cash and cash equivalents for the purpose of this statement comprise:		
Cash and cash equivalents	14,860	9,821
Bank overdrafts	-	(1,522)
	14,860	8,299

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. General information

Northamber plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given in the shareholder information on the inside back cover. The nature of the Group's operations and it's principal activities are set out in the business review & the report of the directors on pages 7 to 10.

2. Significant accounting policies

Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared in accordance with IFRS adopted for use in the European Union and IFRS as issued by the IASB and therefore comply with Article 4 of the EU IAS Regulation.
The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties. The principal accounting policies adopted are set out below.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:
IFRS 6 'Exploration for and Evaluation of Mineral Resources';
IFRS 7 'Financial Instruments: Disclosure'; and the related amendment to IAS 1 on capital disclosures;
IFRIC 4 'Determining whether an Arrangement contains a Lease';
IFRIC 5 'Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds';
IFRIC 6 'Liabilities arising from Participating in a specific market – Waste Electrical and Electronic Equipment';
IFRIC 7 'Applying the Restatement Approach under IAS 29 Financial reporting in Hyperinflationary Economies';
IFRIC 8 'Scope of IFRS 2';
IFRIC 9 'Reassessment of Embedded Deriatives';
Amendment to IAS 21 'Net Investment in a Foreign Operation';
Amendment to IAS 39 'The Fair Value Option';
Amendment to IAS 39 'Cash Flow Hedge Accounting of Forecast Intragroup Transactions'; and
Amendment to IAS 39 and IFRS 4 'Financial Guarantee Contracts'.

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company has not been included as part of these accounts. The company's profit for the financial year amounted to £1.05m (2006: £220,000) Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra group transaction, balances, income and expenses are eliminated on consolidation.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.
Sales of goods are recognised when goods are delivered and title has passed.
Interest income is accrued on a time basis in accordance with the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor
Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

The group as lessee
Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.
Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Foreign currencies
Transaction in currencies other than pounds sterling, the entities functional currency, are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non monetary assets and liabilities where the changes in fair value are recognised directly in equity. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

Borrowing costs
All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Profit from operations
Profit from operations is stated before investment income and finance costs.

Retirement benefit costs
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The group has no defined benefit retirement schemes.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment
Land and building held for use in the production or supply of goods and services, or for administrative purposes, are stated in the balance sheet at their cost.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight line method, on the following bases:

Freehold premises	4% on buildings
Short leasehold improvements	Period of lease or 25% straight line
Long leasehold premises	2% straight line
Plant and equipment	25% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Investment property
Investment property, is property held to earn rentals is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise.

No depreciation is provided in respect of the freehold properties held as an investment property. Depreciation is only one amongst many factors reflected in the annual valuation of properties and according the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider this policy results in the accounts giving a true and fair view.

Assets held for sale
Assets classified as held for sale are recorded at fair value. Non current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and is expected to be within one year from classification ans the asset is available for sale in its present condition.

Impairment of tangible assets
At each balance sheet date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost of inventories is based on original cost as amended by credits subsequently received or agreed with suppliers in respect of specific products. The provision for obsolete and slow moving stock is determined by frequent and regular reviews of stock , its ageing and rate of sale, provisions are made which enable such obsolete stock as not returned to suppliers and slow moving stock to be sold at no loss.

Financial instruments
Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Trade and other receivables
Trade and other receivables are recorded at fair value and thereafter held at amortised cost.

The group is exposed to credit risk relating to its receivables due to the terms of trade offered to its customers. This risk is managed by stringent controls on credit worthiness applied to customers and prospective customers and subsequently by the frequent and detailed control of outstanding debt from customers.Where the collection period for a debtor is extended beyond agreed terms and/or enquiries result in doubts being raised as to the collectability of the debt, provision is made in the accounts.

Investments
Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified as either held for trading or available for sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available for sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Investment in subsidiaries is held at cost less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and cash held at bank with immediate access.

Financial liability and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Bank borrowings
Interest bearing bank overdrafts are recorded at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables
Trade payables are not interest bearing and are recorded at fair value.

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

3. Turnover and profit on ordinary activities before taxation

The Group operates in one market sector the UK. Therefore, turnover, profit on ordinary activities before tax and net assets have not been separately analysed.

4. Profit from operations

Group operating profit is stated after (crediting)/charging:

	2007 £'000	2006 £'000
Foreign exchange gains	285	(43)
Depreciation of property plant and equipment	456	564
Amounts written off stock	19	150
Profit/(loss) on disposal of property, plant and equipment	(18)	7
Operating lease charges – land and buildings	650	688
Staff Costs (see note 5)	7,090	8,282
Auditors' remuneration (Group and Company) - statutory audit services	36	55
tax services	2	6

5. Staff costs

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

	2007 Number	**2006 Number**
Sales	58	75
Administration	77	88
Warehouse	58	67
Engineering	10	13
	203	243

Their aggregate renumeration comprised:

Staff costs:	**£'000**	**£'000**
Wages and salaries	6,200	7,238
Social security costs	679	806
Other pension costs	211	238
	7,090	8,282

Included in the above is Director's remuneration of £406,000 (2006: £327,000) Full details of Directors' remuneration are set out in the Report to the shareholders by the Board on Directors' Remuneration on page 13.

	2007	**2006**
6. Investment revenue	**£'000**	**£'000**
Rent received from investment properties	75	198
Bank interest receivable	518	136
Other interest receivable	15	3
	608	337

7. Finance costs		
Interest payable on bank overdrafts	58	30

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

8. Tax on profit on ordinary activities
Group and Company

	2007 £'000	2006 £'000
Current taxation		
UK corporation tax: charge for the year	185	196
Adjustment in respect of prior year	-	7
Deferred tax		
Origination and reversal of temporary differences	7	-
Release of provision relating to Enterprise Zone	(702)	-
Tax (credit)/charge on profit on ordinary activities	(510)	203

Release of provision relating to Enterprise Zone – see Note 21 below.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	592	434
Tax at the UK Corporation tax rate of 30% (2006: 30%)	178	130
Factors affecting charge for the year:		
Depreciation for period in excess of capital allowances	23	40
Utilisation of tax losses	(14)	(3)
Expenses not deductible for tax purposes	5	36
Profit on sale of fixed assets	2	2
Capitalised revenue expenditure	(9)	(9)
Adjustment in respect of prior year	-	7
Deferred tax origination and reversal of temporary differences	7	-
Deferred tax release of provision relating to enterprise zone	(702)	-
Total actual amount of charge for the year	(510)	203

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

9. Dividends
Amounts recognised as distribution to equity holders in the period:

	2007		2006	
Dividends paid in year	**Pence Per share**	**£'000**	**Pence Per share**	**£'000**
Final – for year ended 30 June 2006	1.00	305	4.00	1,238
Interim – for year ended 30 June 2007	1.20	366	1.10	338
	2.20	671	5.10	1,576
Proposed final for the year ended 30 June 2007	1.00	305	1.00	305

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

10. Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	2007 £'000	**2006 £'000**
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent company	1,102	231
Effect of dilutive ordinary share	-	-
Earnings for the purpose of of diluted earnings per share	1,102	231

Number of shares	**2007 Number**	**2006 Number**
Weighted average number of ordinary shares For the purpose of basic earnings per share	30,458,100	30,849,032
Effect of dilutive potential ordinary shares Share options	-	-
Weighted average number of ordinary shares For the purpose of diluted earnings per share	30,458,100	30,849,032

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. For diluted earnings per share the weighted average number of shares is adjusted on the assumption that all potential conversion of shares have been so converted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

11. Property, plant and equipment

Group and Company	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 July 2006	4,705	2,610	7,315
Additions	11	143	154
Disposals	(413)	(578)	(991)
At 30 June 2007	4,303	2,175	6,478
Depreciation			
At 1 July 2006	1,493	1,911	3,404
Depreciation charge for the year	183	273	456
Disposals	(413)	(531)	(944)
At 30 June 2007	1,263	1,653	2,916
Net book value at 30 June 2007	**3,040**	**522**	**3,562**
Cost			
At 1 July 2005	4,735	2,491	7,226
Additions	2	264	266
Disposals	(32)	(145)	(177)
At 30 June 2006	4,705	2,610	7,315
Depreciation			
At 1 July 2005	1,305	1,702	3,007
Depreciation charge for the year	220	344	564
Disposals	(32)	(135)	(167)
At 30 June 2006	1,493	1,911	3,404
Net book value at 30 June 2006	**3,212**	**699**	**3,911**

12. Investment property – held for sale

Group and Company	2007 £'000	2006 £'000
Fair value at beginning of accounting period	2,483	2,483
Disposals	(2,483)	-
Fair value at end of accounting period	-	2,483

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

The property was a freehold interest in a warehouse and office block in a Scottish Enterprise Zone, acquired in 1996.

The property rental income earned by the group from its investment property, all of which is leased out under operating leases, amounted to £75,000 (2006: £198,000).There were no direct operating expenses in relation to the property in the year (2006: nil).

At 30 June 2006 the property was reclassified as an asset held for sale on the basis that the directors anticipate the sale of a long leasehold interest in the property during the year to 30 June 2007. The long lease interest was sold during the year ended 30 June 2007.

The grant of a 175 year lease in the enteprise zone investment property in Arbroath during the year enabled the release of the related deferred tax provision of £702,000. The Group retains the freehold interest which has a negligible value and a contingent liability of £702,000 exists in respect of potential tax clawback and this is disclosed in Note 30.

13. Investment 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 non-trading or dormant.

	2007 £'000	2006 £'000
Shares in group companies		
At cost	32	32
Provision	(32)	(32)
	-	-

14. Trading investments

Group and Company		
Investment	-	1

The investments included above represent investments in listed equity securities that present the group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices.

NORTHAMBER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

15. Inventories

	Group		Company	
	2007	**2006**	**2007**	**2006**
	£'000	**£'000**	**£'000**	**£'000**
Goods for resale	11,728	9,052	11,728	9,052

16. Trade and other receivables

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Trade receivables	26,427	27,903	26,143	27,861
Less provision for impairment of receivables	(567)	(647)	(567)	(647)
Net receivables	25,860	27,256	25,576	27,214
Other receivables	94	61	94	61
Prepayments	370	327	370	327
Inter group debtors	-	-	103	-
	26,324	27,644	26,143	27,602

The group is exposed to credit risk on its trade and other receivables due to the credit terms offered to its customers, this risk is managed as set out in the accounting policy notes (Note 2). In the opinion of the directors there is no particular credit risk in any one customer. It is confirmed that the fair value of trade receivables is not materially different from the carrying value.

17. Cash and cash equivalents

	Group		Company	
	2007	**2006**	**2007**	**2006**
	£'000	**£'000**	**£'000**	**£'000**
Bank balances and cash in hand	14,860	9,821	14,860	9,821
Cash and cash equivalents in statement of cash flows	14,860	9,821	14,860	9,821

18. Trade and other payables

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Trade payables	23,128	17,878	23,128	17,878
Amount owed to group companies	-	-	-	93
Other payables	413	174	413	174
VAT	1,283	1,436	1,283	1,436
Other tax and social security	208	213	208	213
Accruals and deferred income	702	725	702	725
	25,734	20,426	25,734	20,519

The fair values of trade and other payables are not materially different to those disclosed above.

19. Bank overdrafts

	Group		Company	
	2007	**2006**	**2007**	**2006**
	£'000	**£'000**	**£'000**	**£'000**
Bank overdraft	-	1,522	-	1,522

Bank overdrafts are repayable on demand. Overdrafts of nil (2006: £1,522K) have been secured by a charge over the Group's assets as disclosed in Note 27. The average effective interest rate on bank overdrafts approximates to 6.875% (2006: 4.81%) per annum.

At 30 June 2007, the Group had available £11.85million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

20. Tax liabilities

Corporation tax	(167)	(126)	(167)	(126)

21. Deferred tax liabilities
Group and Company

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period.

	Capital Allowances in excess of depreciation	Other temporary differences Enterprise Zone allowances	Total
At 1 July 2005	57	703	760
Credit to income	-	-	-
At 1 July 2006	57	703	760
Charge/(credit) to income	7	(703)	(696)
As 30 June 2007	64	-	64

No tax assets and liabilities have been offset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

22. Share capital

	Number	£'000
Authorised		
Ordinary shares of 5p each		
At 30 June 2007 and 30 June 2006	40,000,000	2,000
Issued and fully paid		
At 1 July 2005	31,013,100	1,551
Purchased for cancellation		
In year to 30 June 2006	(555,000)	(28)
As at 30 June 2006 and 30 June 2007	30,458,100	1,523

The company has one class of ordinary shares which carry no right to fixed income.

23. Reserves

	Group and Company		Group	
	Share Premium	Redemption Reserve	Profit and Loss	Profit and Loss
	£'000	£'000	£'000	£'000
At 1 July 2006	5,734	264	22,557	22,422
Profit for year	-	-	1,102	1,056
Dividends paid	-	-	(671)	(671)
At 30 June 2007	5,734	264	22,988	22,807

Capital redemption reserve
The capital redemption reserve relates to the cancellation of the company's own shares.

Share Premium account
The share premium account relates to the excess of the issue price of shares over its nominal value.

Profit and loss account
The profit and loss account relates to the accumulated retained profit of the company and of the group respectively.

24. Reconcilation of movements in consolidated equity shareholders's funds

	Group 2007 £'000	Company 2007 £'000	Group 2006 £'000	Company 2006 £'000
Recognised income and expense	1,102	1,056	231	220
Purchase of own shares	-	-	(421)	(421)
Dividends to equity shareholders	(671)	(671)	(1,576)	(1,576)
	431	385	(1,766)	(1,777)
Opening equity shareholders' funds	30,078	29,943	31,844	31,720
Closing equity shareholders' funds	30,509	30,328	30,078	29,943

25. Capital commitments
There were no capital commitments at 30 June 2007 (2006 : nil).

26. Operating lease arrangements
The group as lessee

	2007 £'000	2006 £'000
Minimum lease payments under operating leases recognised in income for the year	650	689

At 30 June 2007 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2007 £'000	2006 £'000
One year	650	650
Between two and five years	2,575	2,600
Over five years	1,200	2,100
	4,425	5,350

Operating lease payments represent rentals payable by the group for its warehouse and car parking premises. Leases are negotiated for an average term of 15 years and rentals are fixed for an average of 5 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

The group as lessor
Property rental income earned during the year was £75,391 (2006 : £198,000).
At 30 June 2007 the group had contracted with the tenant for the future minimum lease payments:

	2007 £'000	2006 £'000
Within one year	-	198
Between two and five years	-	792
Over five years	-	957
	-	1,947

27. Guarantees
On 1 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 30 June 2007 the aggregate of overdrafts relating to these companies was nil (2006 - nil).

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

28. Related party transactions
Mr D. M. Phillips is the ultimate controlling party of the company.

During the year the company paid £47,304 as salary and £8,278 as benefit to the company payroll and personnel manager Samantha Matthews, the wife of the managing director Mr H. Matthews. In the directors' opinion the payments are at an arms length basis.
During the year non-executive director Mr A.L. Caplin purchased products to the value of £2,140 at market value.

29. Post balance sheet events
There were no post balance sheet events which materially affect the results for the year to 30 June 2007.

30. Contingent liabilities
During the year the Group granted a 175 year lease in the enterprise zone investment property in Arbroath (see Note 12).

The Group retains the freehold interest, which has a negligible value, and a contingent liability of £702,000 exists in respect of the clawback of enterprise zone tax allowances which will only occur if the retained freehold interest is disposed of before 2017. The directors believe that any realisation of this liability has an extremely low level of probability.

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 16 November 2007 at 12.00 a.m. for the following purposes:-

1. To receive and adopt the company's accounts for the year ended 30 June 2007 and the directors' and auditors' reports thereon.
2. To propose the following ordinary resolution: That the directors remuneration report for the year ended 30 June 2007 be received and approved.
3. To declare a dividend on the ordinary shares of the company.
4 Re-elect A.L. Caplin as a director.
5. Re-elect R.F. Heath as a director.
6. To appoint Grant Thornton UK 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 £76,145 provided that this authority (unless previously revoked or renewed) shall expire on 16 November 2008 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 16 February 2009 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 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 3,045,810 representing 10 per cent of the present issued share capital;

(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;

NOTICE OF MEETING

(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

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 left intentionally blank

This page is left intentionally blank

NORTHAMBER

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