NORTHAMBER

REPORT & ACCOUNTS

FULL YEAR ENDED 30 JUNE 2010

brother at your side

cisco (COBO)

FUJITSU

IBM Business Partner

JVC The Perfect Experience

Microsoft AUTHORIZED Distributor

TOSHIBA Leading Innovation

2-power
3M
acer
Adobe
adaptec
akasa
Allied Telesis
AMD
ASI
APC by Schneider Electric
astaro internet security
ATI
AUSTIN HUGHES
Autodesk
Avocent The Power of Being There
brainboxes www.brainboxes.com
Canon
CHERRY
CONRAC
COREL
crucial
devolo
DICOTA
Enlight
EATON Powering Business Worldwide
FREECOM INNOVATIVE GERMAN QUALITY
FUJIFILM
Genius
GIGABYTE
hec COMPUCASE
intel
HITACHI
JVC The Perfect Experience
KEEP IT SECURE
Kingston TECHNOLOGY
Kodak
KONICA MINOLTA
Lexar
matrox Digital Video Solutions
maxell
McAfee
MRi
msi insist on the best
nero simply enjoy
NUANCE
NVIDIA
OLYMPUS
Panasonic
PANDA SECURITY
PHILIPS
PLANTRONICS World Leader in Communications Headsets
plustek
Pioneer
PolyServe
PNY TECHNOLOGIES
PRAKTICA
prism
psaparts.com
Quantum
RICOH
roxio
SAMSUNG
Seagate
SII Seiko Instruments Inc.
SMC Networks
SONY
SWEEX
symantec.
TANDBERG DATA Securing your Information
U.S.Robotics Connectivity Products
ViewSonic See the difference
WD Western Digital
Wasp BARCODE TECHNOLOGIES
WatchGuard

CONTENTS

Summary of last five years' trading

	---Years ending 30 June---				
	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Turnover	128,481	139,275	179,677	182,191	204,408
Profit Before Tax	258	47	627	592	434
Earnings Per Share	0.58p	0.18p	1.36p	3.62p	0.75p
Net Assets Per Share	88.51p	89.38p	90.11p	100.2p	98.7p
Dividends Per Share(net)	1.6p	1.6p	2.2p	2.2p	2.1p

Chairman's statement

Results

I am pleased to announce improved profitability for the year as a whole and importantly the return to profit at the operating level.

In both my interim and third quarter performance reports, I was unable to be optimistic on the outlook for our sector. Whilst underlying conditions are largely unchanged, I can report that the efficiency improvements to assist profitability came through in our final quarter.

Profit before tax at £258,000 was significantly ahead of last year's £47,000. Earnings per share were 0.58p compared with the 0.18p per share last year.

Sales revenues at £128.48 million were some £11 million (7.8%) lower and were again constrained by both demand levels and sector price deflation.

With our trading model dependent on high revenues and low margins, total bad debt encountered of only £38,000 (0.03%) demonstrates our cautious, trade credit strategy within the varying levels of ongoing uncertainty. Credit risk is a significant factor and one that has dominated our sales strategies over the recent years.

One strong benefit of such an experienced board, has been the management of what was seen as a predictable and enhanced re-run of previous credit cycles. Our first objective has been to protect our accumulated core financial strengths. The resultant trading uncertainties then drove focus on improving our efficiencies.

For the year, operating costs were reduced by £1.26m (13%) compared with the previous year. Investment income, being interest earned on cash deposits, at £142,000 was less than half of that earned in the previous year (2009 - £367,000). As reported last year, once again the result of still lower rates of interest, rather than any reduction in the level of cash balances retained by the company. (£14.0 million compared with £14.1 million 30th June 2009).

Balance sheet

At our 30th June 2010 year end, the net assets per share were 88.5p compared with 89.4p at the end of the previous year. Surprisingly, net assets per share, and even net cash, continue to exceed by quite some margin, the quoted price of the company's shares and resultant market capitalisation.

During the year we had an increase in free cash of £395,000. After paying dividends of £464,000 and the £42,000 spent repurchasing 95,000 shares for cancellation leaving 28.9 million shares in issue, the cash balance remaining at the year end was £14.0m compared with £14.1m at the end of the previous year.

From our banking and credit facility experiences during the troubled years of the early 1990's, our priority has been the defence and maintenance of a strong, independent, debt free and liquid financial position. This has been reflected in both the working capital ratios and cash balances held by the company.

Our working capital ratio has consistently been in excess of the benchmark of 2.0 and strong cash balances have also been a consistent feature of our assets.

We were able to reduce our debtor levels and debtor days whilst retaining our levels of creditor payments and creditor days within terms. Although some increase in the levels of stock this year was necessary to meet demand and a wider range of products.

Staff

The unavoidable needs for further improvements in efficiency, have fallen heavily on our staff and we are indebted to them all for their continued contribution.

Dividend

After consideration of the results for the year, the strength of our debt free balance sheet and cash position, your board is proposing a final dividend of 1.4p per share. Together with the 0.6p interim dividend, totals 2.0p per share compared with 1.6p per share last year.

Outlook

Whilst difficult trading conditions still prevail, we are probably now better aware of the factual obstacles we need to overcome or avoid.

Early indications are that the improved trends seen in the last quarter of 2009/10 may be continuing into the current year. However, it is too early yet to say with any degree of certainty whether this is a mere blip or an underlying trend.

We do, as always, seek to optimise whatever opportunities we can create.   As we move forward whilst ensuring that we continue with our strong financial position, we look forward with a degree of optimistic caution to the year ahead.

D.M.Phillips
Chairman
7 September 2010

Business and financial review

Operating Review

Northamber is a wholesale distributor of brand vendor's products, our function is to stock and make available those products which our customers within the IT sector require. The brand vendors are now relatively few in number but dominate the industry sector. There are numerous small producers which also require to be represented and actively promoted and which is a further part of our function.

We are in the marketing business, but as the type of products which we distribute affect virtually every business operation in the UK, we and the sector we are in, are directly affected by the movements in the economy as a whole, as well as by factors which are peculiar to our own industry.

As the Chairman, in his report, has stated, the difficulties in the market, referred to in previous reports, have not abated and indeed grow increasingly more difficult. Against this background the sales staff did well to achieve the level of sales which they did. Moreover the gross margin percentage achieved was marginally below that of the previous year. These returns were the result of our stated policy of seeking margins and contribution rather than volume alone, and targeting manufacturers and product producers with whom we can work to the advantage of them, us and our customers.

Financial Review

Turnover decreased by some £11 million (7.8%) compared with the previous year. In the circumstances of the market, as referred to in the Chairman's Statement, this was a creditable performance. Gross margins were marginally reduced to 6.69% compared with 6.77% for 2009. Pre tax profit increased to £258,000 (2009: £47,000).

With the continuing stringent controls on working capital management the company genereated a positive free cash flow of £395,000. After the purchase of shares for cancellation and dividend payments there was a net decrease in cash balances of £111,000, leaving £14.0m at the year end (2009: £14.1m). and the balance sheet remains in a strong condition.

Average debtor days were 35 (2009: 46) and average creditor days were 41 (2009: 41).

Financial Risk Management

The company uses various financial instruments, including cash, equity, trade receivables and trade payables in the course of its operations.

The use of these instruments gives rise to risks associated with exchange rate risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies to deal with each of these risks, as summarised below.

Exchange rate risk

The group purchases some of its products in foreign currency. Where required for supplier payments, foreign currency purchases are subject to close management supervision. It is the group's policy not to speculate in derivative financial instruments in either sterling or foreign currencies, nor to hedge translation or currency exposures.

Liquidity risk

The group seeks to manage financial risk of liquidity by ensuring it has sufficient cash resources available to meet foreseeable needs at all times.

Interest rate risk

The group's exposure to interest rate risk is principally with its cash asset.

It is the policy of the group not to have long term loans or other financial instruments except in particular circumstances and when specifically approved by the board.

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

Business and financial review

Credit risk

The group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk relates to the group's trading receivables.

This risk is managed by stringent controls on credit worthinesss applied to customers and prospective customers. There is a continuous system of review and assessment of debtors to minimise the risk of default. During the year the company entered into insurance arrangements to reduce the probability of a significant increase in customer defaults.

Other Risks and Uncertainties

Other than the risks stated above and the marketing risk, which is addressed below, in the opinion of the directors, the principal risks and uncertainties are as stated in the section on Internal Control on page 19.

Marketing Risk

The group is subject to both general market conditions and particularly to those affecting its own particular industry. The group is a distributor of other businesses' products and is therefore dependent on the suppliers of such products to continue to provide products which are required by the customers of the group, at prices which are acceptable to those customers. This is managed within the group by being alert to all the movements in the market place relating to both products and suppliers and to negotiating with existing and prospective suppliers for the supply of goods on the best possible terms to enable the group to trade effectively.

Where products are bought in foreign currency, the group manages the risk inherent in such currencies by continuously updating its rates of coversion in calculating its costs so as to minimise the currency conversion risk.

H.W.Matthews
Managing Director
7 September 2010

Report of the directors

The directors have pleasure in presenting their report and the accounts for the year ended 30 June 2010.

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 Chairman, in his statement on pages 5 and 6, and the Business and Financial Review on pages 7 and 8 sets out a review of the business.

The consolidated summary of comprehensive income for the financial year is set out on page 25.

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 remained steady at 41 days (2009: 41) .

The company debtor days at 35 have decreased compared with the previous year's 46 days.

Stock turn for the year was 11.6 times (2009: 18.1), this decrease was due in part to changes in the mix of products held at the year end.

Corporate Governance

The Corporate Governance Report on pages 16 to 20 forms part of the Directors' Report.

Dividends

The following dividends were paid in the year ended 30 June 2010

	2010 £'000	2009 £'000
Ordinary dividends		
Previous years final dividend paid	290	291
Interim paid	174	174
	464	465

The final proposed dividend of 1.4p (2009: 1.0p) will be paid on 10 January 2011 to all members on the register at the close of business on 3 December 2010.

Directors

The current directors of the company are listed on page 22. There have been no changes in directors during the year.

Report of the directors (continued)

Share Capital and its re-organisation

The company repurchased 95,000 ordinary shares of 1p each for a consideration (before expenses) of £41,350. This represented 0.3% of the shares in issue at 1 July 2009.

At 30 June 2010 the company had 28,938,100 Ordinary shares of 1p each issued. The shares have no special rights and there is no restriction on their voting rights.

Substantial Shareholdings

The following shareholders held disclosable interests, as defined by Section 992 of the Companies Act 2006, at 27 August 2010 as detailed below:

	Ordinary Shares of 1p each
D.M. Phillips	59.81%
BNY(OCS) Nominees Limited	10.94%
H.W.Matthews	3.47%
Quiros Limited	3.23%

Purchase of own Shares

At the end of the year, the directors had authority, under the shareholders' resolutions of 10 November 2009 to purchase through the market 2,983,310 of the company's ordinary shares at prices ranging between 1p 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 19 November 2010, 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 2010 were 41 (2009: 41). It is the company's policy to take full advantage of settlement discounts offered by suppliers.

Social and Community Policy

The company has a policy of being socially responsible. To this end it treats all its stakeholders and its neighbours in a fair and reasonable manner in that all its actions are designed to optimise the benefits and minimise any aggravation to its employees, suppliers and customers as well as those in the community generally. Operations are conducted in a businesslike manner and any nuisance which could possibly arise from such operations are pre-considered and minimised. Such matters as bulk deliveries are scheduled to reduce to a minimum any local congestion and car parking is provided to staff to avoid any on street parking causing any offense.

Report of the directors (continued)

Environmental Policy

The main items arising from the company's operations on the environment, apart from the matters stated above relating to traffic, are packaging and waste. Due to the type of operation carried out by the company, i.e. the distribution of computer related products to other than end users, the need for packaging is crucial to the state and quality of the products eventually received by the end user (the consumer). Although excess packaging is discouraged, the company is largely in the hands of its suppliers regarding the packaging actually involved in selling products. Any surplus packaging which remains with the company is disposed of in an environmentally considered manner. The company attempts wherever possible to enforce, as one of its terms of trade with its suppliers, the undertaking to dispose of waste and returned products in accordance with the regulations. Any waste produced by the company is similarly disposed of.

Amendment of Articles of Association

Unless expressly specified to the contrary in the Articles, the Articles may be amended by a special resolution of the company's shareholders.

Appointment and replacement of directors

Unless otherwise determined by the company in general meeting, the directors shall not be less than two nor more than ten.

A director does not require any share holding in the company as qualification shares and there is no restriction on the age of a director.

A director may be appointed by the company by ordinary resolution, or by the board. A director appointed by the board holds office only up to the date of the next following annual general meeting and is then eligible for reappointment. The board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate such appointment.

At every annual general meeting of the company a director who has been appointed by the board since the last annual general meeting retires from office but is eligible for reappointment. One third of the directors retire by rotation at each annual general meeting but are eligible for reappointment. Any non executive director who has been a director of the company for nine years or more, retires each year but is eligible for reappointment.

Power of the directors

Subject to the company's Memorandum of Association, the Articles and any directions given by the company by special resolution, the business of the company will be managed by the board who may exercise all the powers of the company, whether relating to the management of the business or not. In particular the board may exercise all the powers of the company to borrow money, to mortgage or charge any of its undertaking, property or assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the company or of a third party.

Contractual Relationships

By the nature of its business, the company has contractual relationships with virtually all of its suppliers. Such contracts are entered into and terminated on a regular basis with new suppliers being taken on and with some being terminated either by mutual consent or if, in the opinion of the company, they are no longer viable. Because product development continues to change dramatically over a relatively short period of time, such change is not only inevitable, it is also highly desirable to ensure that the company continues to be able to meet the demands of its customers.

Similarly we have written contracts with all of our customers so that they are fully aware of our terms of trade and to safeguard ourselves as far as possible against any losses arising from trading with them. During the year to 30 June 2010 there were no significant changes in either our terms of trade encompassed within these contracts nor any significant change in the range and size of our customers.

Report of the directors (continued)

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.

Key performance indicators (kpi's)

The company has an extensive management reporting system and uses a wide variety of information in its everyday management of the business, including both those of a financial and non financial nature. This information is tailored to the various aspects of the business with individual managers being responsible for variances in movements within their particular sphere of operations to the executive management of the company. The majority of this information is highly sensitive and it is considered by the directors that it would be commercially disadvantageous to the company to identify the information used in a public document such as this Annual Report.

Non financial information used by the business is not considered to constitute a KPI as is is not information by which the development, performance or position of the company's business can be measured effectively.

Some of the broader KPI's which are used and which have been reported elsewhere in our Annual Reports are the following:-

Ratio	Format	2009-10	2008-9
Revenue	£m	128.5	139.3
Gross Profit	%	6.69	6.77
Stock Turn	Times	11.6	18.1
Debtor days	Days	35	46
Creditor days	Days	41	41
Net Assets per share	Pence	88.51	89.4

Donations

During the year the group made no charitable donations (2009:Nil). No political donations were made in the year (2009: £Nil).

By order of the Board

S. Yoganathan ACMA
Company Secretary
7 September 2010

Report to shareholders by the board on directors' remuneration

Introduction

This report has been prepared in accordance with section 420 of the Companies Act 2006, SI2008/410 and schedule B to the Combined Code relating to directors' remuneration (the "Regulations"). 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 2006 (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 A.L. Caplin 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.

Share options

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

Pensions

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 2010 no contributions were made to the scheme (2009: Nil). The scheme falls outside the Inland Revenue pensions cap and is separate from the main staff pension scheme.

Report to shareholders by the board on directors' remuneration

Contracts of service

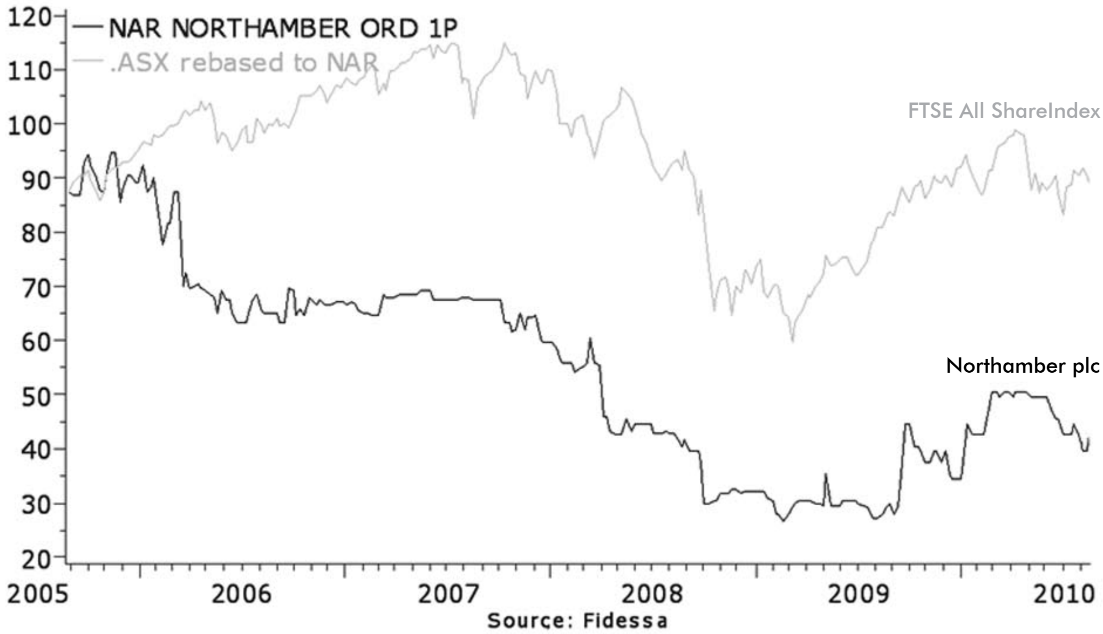
The two executive directors, D.M.Phillips and H.W.Matthews, have service contracts which were renewed with effect from 1 June 2010. Both contracts are one year rolling contracts.

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 Fees		Bonus Payments		Benefits		Total		Pension	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Executive										
D.M.Phillips	120	120	-	-	17	16	137	136	-	-
H.W.Matthews	90	191	-	-	14	21	104	212	-	-
Non-Executive										
A.L.Caplin	-	-	-	-	-	-	-	-	-	-
R.F.Heath	10	10	-	-	-	-	10	10	-	-
	220	321	-	-	31	37	251	358	-	-

For the year ended 30 June 2010, Mr D.M.Phillips has waived £60,000 of his salary, (2009: £60,000) and Mr A. L. Caplin waived £10,000 of his fees (2009: £10,000).

Directors' interests

Interests in shares

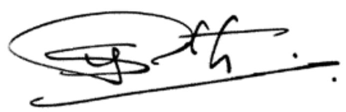
Directors in office at 30 June 2010 had the following beneficial interests in the shares of the company:

Ordinary Shares of 1p each

	30 June 2010	30 June 2009
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 2010 and 27 August 2010 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 27 August 2010 was 39.5p. The range of market prices during the year was 27.0p to 52.5p.



S.Yoganathan ACMA
By order of the Board
7 September 2010

Corporate governance

The Corporate Governance Report forms part of the Directors' Report included here on pages 9 to 12.

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.

Corporate governance policy

The company's policy on Corporate Governance is published on the company's web site which is www.northamber.com.

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. The board intends that when a new director is considered for appointment a full and formal induction process will be implemented. No new appointments have been made in the last year and no new appointments are currently being considered.

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

Non executive directors – during the year to 30 June 2010, the non executive directors comprised Mr A. Caplin and Mr R. Heath. Mr A. Caplin has been a non executive director for eleven years and has a substantial shareholding in the company. The Board considers that because of Mr Caplin's wide range of other interests in the corporate sector, these facts of themselves have 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 22. 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

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 (continued)

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 matters include:-

- determination of the company's objectives and strategy
- all financial information which is published, including the interim results and management statements and the annual report and all other corporate communications
- decisions and recommendations on dividends
- changes in the company's business, its capital and corporate structure or its risk profile
- changes in the scope or operation of the company's internal control structure
- all board changes or changes in the company secretary
- the remuneration policy of the senior executives

All board members receive weekly summary financial information and monthly management accounts. All financial information which is to be published is also circulated for discussion and approval prior to publication. Information on other matters, as required, is also circulated by the company secretary. Any board member may request the company secretary to report on any specific matter and prepare information for discussion at the board meetings.

The board of the company comprises only four members and whilst formal board meetings are held at regular intervals, many of the matters are also discussed informally throughout the year. The managing director chairs the operations committee of the company which holds weekly meetings. It is at these meetings that the decisions of the board are communicated to the senior management who also sit on the operations committee. It is also this forum which reports back, through the managing director to the board, on the implementation of the decisions of the board. The operations committee also raises matters which they consider should be communicated to the board on any aspect of the business which comes within the matters reserved for the board.

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:	7	2	1
David Michael Phillips	7	N/A	N/A
Henry William Matthews	7	N/A	N/A
Anthony Caplin	5	2	1
Reginald Heath	4	2	1

Board Committees

- **Audit Committee**

The Audit Committee, chaired by Mr R. F. Heath, comprised the two non-executive directors, both of whom are considered by the board to be independent and to have sufficient recent and relevant financial experience to discharge the committee's duties. The company secretary, who is also the chief financial officer of the company, acts as secretary to the committee.

The board considers that the members of the audit committee have the required understanding of:-

- the principles of, content of and developments in financial reporting, including the applicable accounting standards and statements of recommended practice,
- key aspects of the company's operations, including corporate policies, financing and systems of internal control
- matters that could influence or distort the presentation of accounts and key information
- the role of external auditors.

Corporate governance (continued)

The audit committee considered the setting up of an internal audit function for the company but re-iterated their previous view that due to the size of company, its internal control procedures and the role of the executive directors in the daily management of the company, the requirement of such a function was not required at the present time, but that it will be considered again each year.

The primary function of the audit committee is to enable the board to monitor the integrity of the company's financial reports and manage the board's relationship with the external auditors. Its other functions include the review and monitoring of;-

- the financial reporting process
- the annual audit
- the effectiveness of the company's internal controls and risk management
- the independence of the external auditors.

The audit committee is required to report to the board its findings identifying any matters which it considers requires action or improvement and to make recommendations on the steps to be taken.

The committee's terms of reference include all relevant matters required by the Disclosure and Transparency Rules and the relevant combined code. 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.

Overview of the actions taken by the audit committee to discharge its duties

During the year the audit committee:-

- reviewed the June 2010 annual report and financial statements and the December half yearly and financial report. As part of the review the committee received a report from the external auditors on their audit of the annual report and financial statements
- reviewed the effectiveness of the company's internal controls
- reviewed and agreed the scope of the audit work to be undertaken by the external auditors
- agreed the fees to be paid to the external auditors for their audit of the 2010 report and financial statements
- reviewed the whistle blowing procedures in place to enable staff to raise concerns in confidence about possible wrongdoing

- **Remuneration Committee**

  At the year end the Remuneration Committee comprised both non-executive directors, Mr A. L. Caplin (Chairman) and Mr R. F. Heath. 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

The role of the board is to ensure that the company is managed to optimise the benefits to its stakeholders including shareholders, staff, customers, suppliers and the community at large. To achieve this objective the board reserves to itself certain matters such as the formulation of strategy, the assessment of risk, and the setting of internal control systems. Certain areas of responsibility of the board are dealt with by committees of the board such as the audit committee and the remuneration committee reporting back to the main board. The implementation of the decisions of the main board are delegated to the senior management of the company through the operations committee chaired by the managing director.

Corporate governance (continued)

During the year the board reviewed each aspect of its role to ensure that it was fulfilling its role effectively and that each director was individually making a full and effective contribution to the process.

The result of that review was that, having reviewed each director's contribution and the requirements of the company as a whole, each director was effective and that the composition of the board was appropriate and more than adequate for the time being.

Going concern basis

The group's activities together with the factors likely to affect its future development, performance and position are set out in the Business and Financial Review and the Director's Report on pages 7 to 12.

The group has considerable financial resources and established market profile and relationships with a number of suppliers and customers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current economic outlook.

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 Financial Statements 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 inventories and trade receivables. Particular attention is paid to all matters relating to purchasing, inventories, revenues, trade receivables, 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 (continued)

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 August 2008, a further review of the control procedures and risk factors pertaining to the company was undertaken in June 2009. 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.

Other matters

The Directors have published the company's Corporate Governance policies which the directors consider are relevant to the company on the company's website. As part of this process the evaluation of the board's performance has been carried out. There has also been an appraisal of the chairman's performance carried out by the non executive directors, which will be repeated each year.

Induction programmes for new directors are specifically designed for each director as appointed as the content varies depending on the background and experience of the appointee. There is therefore no standard induction programme for new directors.

S.Yoganathan ACMA
Company Secretary
7 September 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate financial records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

To the best of my knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

D. M. Phillips
Chairman
7 September 2010

Directors and advisers

Non-executive Directors

Anthony Caplin *† (Age 59)
Deputy Chairman and senior independent non-executive director
Anthony Caplin is chairman of Alternative Networks Limited, Urban Wimax Networks Plc, and deputy chairman of Strand Partners. He is chairman of North West London Hospital NHS Trust, chairman of the audit committee of the Medical Research Council and a commissioner of the Public Works Loan Committee.

Reginald Heath *† (Age 69) 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 65)
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 65)
Managing director
Henry Matthews joined Northamber plc in 1981 as Sales Director. He was promoted to Managing Director in 1987.

Registered Office
23 Davis Road
Chessington
Surrey
KT9 1HS

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

Registered Auditors
Grant Thornton UK LLP
Chartered Accountants
1 Dorset Street
Southampton
SO15 2DP

Bankers
Bank of Ireland
Bow Bells House
1 Bread Street
London
EC4M 9BE

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

Independent auditor's report to the members of Northamber Plc

We have audited the financial statements of Northamber Plc for the year ended 30 June 2010 which comprise the consolidated and company statement of financial position, the consolidated statement of comprehensive income, the consolidated and company statements of cash flow, the consolidated and company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Northamber Plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the directors' statement, set out on page 19 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Norman Armstrong
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
SOUTHAMPTON
7 September 2010.

Consolidated statement of comprehensive income

For the year ended 30 June 2010

	Notes	2010 Total £'000	2009 Total £'000
Revenue	3	128,481	139,275
Cost of sales		(119,885)	(129,853)
Gross profit		8,596	9,422
Distribution cost		(4,477)	(4,919)
Administrative expenses		(4,003)	(4,823)
Profit/(loss) from operations	4	116	(320)
Investment revenue	6	142	367
Profit before tax		258	47
Tax (charge)/credit	7	(88)	5
Profit for the year and total comprehensive income		170	52
Total basic earnings per ordinary share	9	0.58p	0.18p
Total diluted earnings per ordinary share	9	0.58p	0.18p

Statement of changes in equity

Consolidated statement of changes in Equity
At 30 June 2010

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2008	294	5,734	1,492	18,957	26,477
Profit for the year	-	-	-	52	52
Total recognised income for the year	-	-	-	52	52
Dividends	-	-	-	(465)	(465)
Purchase of own shares	(4)	-	4	(113)	(113)
Transaction costs of purchase	-	-	-	(1)	(1)
Balance at 30 June 2009	290	5,734	1,496	18,430	25,950
Balance at 1 July 2009	290	5,734	1,496	18,430	25,950
Profit for the year	-	-	-	170	170
Total recognised income for the year	-	-	-	170	170
Dividends	-	-	-	(464)	(464)
Purchase of own shares	(1)	-	1	(42)	(42)
Transaction costs of purchase	-	-	-	-	-
Balance at 30 June 2010	289	5,734	1,497	18,094	25,614

Statement of changes in Equity – Parent Company
At 30 June 2010

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2008	294	5,734	1,492	18,716	26,236
Profit for the year	-	-	-	44	44
Total recognised income for the year	-	-	-	44	44
Dividends	-	-	-	(465)	(465)
Purchase of own shares	(4)	-	4	(113)	(113)
Transaction costs	-	-	-	(1)	(1)
Balance at 30 June 2009	290	5,734	1,496	18,181	25,701
Balance at 1 July 2009	290	5,734	1,496	18,181	25,701
Profit for the year	-	-	-	419	419
Total recognised income for the year	-	-	-	419	419
Dividends	-	-	-	(464)	(464)
Purchase of own shares	(1)	-	1	(42)	(42)
Transaction costs of purchase	-	-	-	-	-
Balance at 30 June 2010	289	5,734	1,497	18,094	25,614

Consolidated statement of financial position

At 30 June 2010

	Notes	2010 £'000	2009 £'000
Non current assets			
Property, plant and equipment	10	2,695	2,968
Current assets			
Inventories	12	10,322	7,173
Trade and other receivables	13	15,679	20,112
Cash and cash equivalents	14	14,013	14,124
		40,014	41,409
Total assets		**42,709**	**44,377**
Current liabilities			
Trade and other payables	15	(17,040)	(18,385)
Tax liabilities	16	(18)	(40)
		(17,058)	(18,425)
Non current liabilities			
Deferred tax liabilities	17	(37)	(2)
Total liabilities		**(17,095)**	**(18,427)**
Net assets		**25,614**	**25,950**
Equity			
Share capital	18	289	290
Share premium account		5,734	5,734
Capital redemption reserve		1,497	1,496
Retained earnings		18,094	18,430
Equity shareholders' funds		**25,614**	**25,950**

The financial statements on pages 25 to 45 were approved by the board of directors on 7 September 2010 and were signed on its behalf by:

D.M. Phillips
Chairman

H.W. Matthews
Managing Director

Statement of financial position of the company

At 30 June 2010

	Notes	2010 £'000	2009 £'000
Non current assets			
Property, plant and equipment	10	2,695	2,968
Investment in Group companies	11	-	-
		2,695	2,968
Current assets			
Inventories	12	10,322	7,173
Trade and other receivables	13	15,679	20,112
Cash and cash equivalents	14	14,013	14,124
		40,014	41,409
Total assets		**42,709**	**44,377**
Current liabilities			
Trade and other payables	15	(17,040)	(18,634)
Tax liabilities	16	(18)	(40)
		(17,058)	(18,674)
Non current liabilities			
Deferred tax liabilities	17	(37)	(2)
Total liabilities		**(17,095)**	**(18,676)**
Net assets		**25,614**	**25,701**
Equity			
Share capital	18	289	290
Share premium account		5,734	5,734
Capital redemption reserve		1,497	1,496
Retained earnings		18,094	18,181
Equity shareholders' funds		**25,614**	**25,701**

D.M. Phillips
Chairman

H.W. Matthews
Managing Director

Company number 01499584

Consolidated statement of cash flows

For the year ended 30 June 2010

	2010 £'000	2009 £'000
Cash inflow from operating activities		
Operating profit/(loss) from continuing operations	116	(320)
Depreciation of property, plant and equipment	283	369
(Profit) on disposal of property, plant and equipment	(2)	(6)
Operating profit before changes in working capital	397	43
(Increase)/decrease in inventories	(3,149)	2,961
Decrease in trade and other receivables	4,433	2,866
(Decrease) in trade and other payables	(1,345)	(4,567)
Cash generated from operations	336	1,303
Interest paid	-	-
Income taxes paid	(74)	(211)
Net cash from operating activities	262	1,092
Cash flows from investing activities		
Interest received	142	355
Proceeds from disposal of property, plant and equipment	12	18
Purchase of property, plant and equipment	(21)	(82)
Rental income	-	12
Net cash from investing activities	133	303
Cash flows from financing activities		
Purchase of own shares for cancellation	(42)	(114)
Dividends paid to equity shareholders	(464)	(465)
Net cash used in financing activities	(506)	(579)
Net (decrease)/increase in cash and cash equivalents	(111)	816
Cash and cash equivalents at beginning of year	14,124	13,308
Cash and cash equivalents at end of year	14,013	14,124

Cash and cash equivalents for the purpose of this statement comprise:

Cash and cash equivalents	14,013	14,124
Bank overdrafts	-	-
	14,013	14,124

Statement of cash flows of the company

For the year ended 30 June 2010

	2010 £'000	2009 £'000
Cash inflow from operating activities		
Operating profit/(loss) from continuing operations	365	(328)
Depreciation of property, plant and equipment	283	369
(Profit) on disposal of property, plant and equipment	(2)	(6)
Operating profit before changes in working capital	646	35
(Increase)/decrease in inventories	(3,149)	2,961
Decrease in trade and other receivables	4,433	2,624
(Decrease) in trade and other payables	(1,594)	(4,320)
Cash generated from operations	336	1,300
Interest paid	-	-
Income taxes paid	(74)	(208)
Net cash from operating activities	262	1,092
Cash flows from investing activities		
Interest received	142	355
Proceeds from disposal of property, plant and equipment	12	18
Purchase of property, plant and equipment	(21)	(82)
Rental income	-	12
Net cash from investing activities	133	303
Cash flows from financing activities		
Purchase of own shares for cancellation	(42)	(114)
Dividends paid to equity shareholders	(464)	(465)
Net cash used in financing activities	(506)	(579)
Net (decrease)/increase in cash and cash equivalents	(111)	816
Cash and cash equivalents at beginning of year	14,124	13,308
Cash and cash equivalents at end of year	14,013	14,124

Cash and cash equivalents for the purpose of this statement comprise:

Cash and cash equivalents	14,013	14,124
Bank overdrafts	-	-
	14,013	14,124

Notes to the financial statements
For the year ended 30 June 2010

1 General information

Northamber plc is a company incorporated in the United Kingdom under the Companies Act 2006. 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 its principal activities are set out in the business review and the report of the directors on pages 7 to 12.

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.

The principal accounting policies adopted are set out below.

ADOPTION OF NEW AND REVISED STANDARDS

These financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2009 except for the adoption of IAS 1 Presentation of Financial Statements (Revised 2007) and IFRS 8. The adoption of IAS 1 (Revised 2007) and IFRS 8 does not affect the financial position or profits of the company, but gives rise to additional disclosures. The measurement and recognition of the company's assets, liabilities, income and expenses is unchanged. A separate Statement of changes in equity is now presented. There is a note and analysis of the segments of the company's business on page 36.

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 July 2009 are:

IFRS 9 Financial Instruments (effective 1 January 2013)
IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2 (effective 1 January 2010)
Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010)
Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
Improvements to IFRS issued May 2010 (some changes effective 1 July 2010, others effective 1 January 2011)

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.

Key sources and estimation uncertainty and critical accounting judgements

Estimation uncertainty

Provisions

Within the group there are a number of short term provisions. The carrying value of these provisions is based on the director's assessment of the recoverability of debts and the net realisable value of inventory.

Notes to the financial statements
For the year ended 30 June 2010

Critical accounting judgements
The directors consider that there are no critical accounting judgements which need to be applied in the preparation of the financial statements.

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. 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, as are any unrealised intra-group profits and losses.

Company profit and loss account
As permitted by section 408 of the Companies Act 2006, 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 £419,000 (2009: £44,000).

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.
Rental income is recognised on a time accrued basis.
Interest income is accrued on a time basis in accordance with the effective interest rate method.

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 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
Transactions in currencies other than pounds sterling, the entity's functional currency, are recorded at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 unless they meet the capitalisation criteria of IAS 23(Revised).

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

Notes to the financial statements
For the year ended 30 June 2010

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 profit or loss 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 reporting 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.

The carrying amount of deferred tax assets is reviewed at each reporting 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 substantially enacted in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the profit or loss , except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax balances have not been discounted.

Property, plant and equipment
Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

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:

Land and Buildings:	
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

Notes to the financial statements
For the year ended 30 June 2010

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.
Material residual value estimates are updated as required, but at least annually.

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.

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 is on the FIFO basis and 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. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula.

Investments

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

Notes to the financial statements
For the year ended 30 June 2010

Financial instruments

Financial assets are classified as loans and receivables. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the profit or loss.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An assessment for impairment is undertaken at least at each reporting date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value plus transaction costs. Financial liabilities subsequent to initial recognition are recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance charges in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis 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.
A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements
For the year ended 30 June 2010

Equity
Equity comprises the following:
Share Capital – represents the nominal value of equity shares.
Share Premium – represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
Capital Redemption Reserve – represents the nominal value of shares which have been redeemed and cancelled.
Retained Earnings – represents retained earnings.

The transaction costs of an equity tansaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

Capital management
The group manages its equity as capital. Equity comprises the items detailed within the principal accounting policy for equity and financial details can be found in the group statement of financial position. The group adheres to the capital maintenance requirements set out in the Companies Act.

Going Concern basis
The going concern basis of preparing the financial statements had been adopted as in the view of the directors, as set out in the notes on Corporate Governance, the group has adequate resources to continue in operational existence for the foreseeable future.

3. Turnover and profit on ordinary activities before taxation

Segmental Reporting
Management has determined that there is only one operating segment of the company as the total business of the company is the sourcing and distribution of computer related products and this is how information is reported to the Chief Operating Decision Maker. The board in carrying out its strategic planning and decision making has, necessarily, to take consideration of the inter relatedness of the product range and the customer base and thus treat the operations of the company as a whole. All decisions on the allocation of resources impacts on all aspects of the company.
Although the sales of the company are predominantly to the UK there are sales to other countries and the following schedule sets out the split of the sales for the year. The sales outside the UK are conducted on matching purchases of products to the sales of those products and on a cash basis. There are therefore no non current assets outside the UK. Information presented to the Chief Operating Decision Maker is the same as is reported in these financial statements.

Year to 30 June 2010	UK £'000	Other European £'000	Other £'000	Total £'000
REVENUE				
Total Segment revenue	105,633	20,943	1,905	128,481
Contribution from segments	5,368	377	44	5,789
Pre tax profits				258
NET ASSETS				
Wholly related to UK operations	25,614	-	-	25,614
Year to 30 June 2009				
REVENUE				
Total Segment revenue	124,584	14,691	-	139,275
Contribution from segments	4,138	242	-	4,380
Pre tax profits				47
NET ASSETS				
Wholly related to UK operation	25,950	-	-	25,950

No one customer accounted for 10% or more of the company's revenue for the year.

Notes to the financial statements
For the year ended 30 June 2010

4. Profit from operations

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

	2010 £'000	2009 £'000
Foreign exchange (gains)	(86)	(275)
Depreciation of property plant and equipment	283	369
Amounts written off stock	178	196
(Profit) on disposal of property, plant and equipment	(2)	(6)
Operating lease charges – land and buildings	602	639
Staff Costs (see note 5)	5,063	6,104
Auditors' remuneration – audit of the parent company	39	39

5. Staff costs

Group and Company

The average monthly number of persons (including executive directors) employed by the group during the year was:

	2010 Number	2009 Number
Sales	41	44
Administration	57	68
Warehouse	39	46
Engineering	6	7
	143	165

Their aggregate renumeration comprised:	2010 £'000	2009 £'000
Staff costs:		
Wages and salaries	4,416	5,351
Social security costs	471	565
Other pension costs	176	188
	5,063	6,104

Included in the above is director's remuneration of £220,000 (2009: £321,000) Full details of director's remuneration are set out in the report to the shareholders by the board on directors' remuneration on page 15. The group has identified the key management personnel as the executive directors and all their remuneration received amounts to short-term employment benefits.

6. Investment revenue

	2010 £'000	2009 £'000
Rental income	-	12
Bank interest receivable	125	351
Other interest receivable	17	4
	142	367

Notes to the financial statements
For the year ended 30 June 2010

7. Tax on profit on ordinary activities

	Group and Company 2010 £'000	2009 £'000
Current taxation		
UK corporation tax: charge for the year	49	47
Adjustment in respect of prior periods	3	(7)
Deferred tax		
Charge/(Credit) for the year	36	(45)
	88	(5)

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

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	258	47
Tax at the UK corporation tax rate of 21% average (2009:21%)	54	10
Expenses not deductible for tax purposes	31	39
Effect of corporation tax rate change	-	-
Adjustment in respect of prior periods	3	(54)
Total actual amount of charge/(credit) for the year	88	(5)

8. Dividends

Amounts recognised as distribution to equity holders in the period:

	2010		2009	
Dividends paid in year	Pence Per share	£'000	Pence per share	£'000
Final – for year ended 30 June 2009	1.00	290	1.00	291
Interim – for year ended 30 June 2010	0.60	174	0.60	174
	1.60	464	1.60	465
Proposed final for the year ended 30 June 2010	1.40	405	1.00	290

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.

9. Earnings per ordinary share

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

	2010 £'000	2009 £'000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent company	170	52
Earnings for the purpose of diluted earnings per share	170	52

Notes to the financial statements
For the year ended 30 June 2010

Number of shares	2010 Number	2009 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	29,002,552	29,171,182
Share options	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	29,002,552	29,171,182

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.

10. Property, plant and equipment

Group and Company	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 July 2009	4,303	1,868	6,171
Additions	-	21	21
Disposals	(49)	(540)	(589)
At 30 June 2010	4,254	1,349	5,603
Depreciation			
At 1 July 2009	1,602	1,601	3,203
Depreciation charge for the year	161	122	283
Disposals	(49)	(529)	(578)
At 30 June 2010	1,714	1,194	2,908
Net book value at 30 June 2010	2,540	155	2,695

Group and Company	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 July 2008	4,303	2,022	6,325
Additions	-	82	82
Disposals	-	(236)	(236)
At 30 June 2009	4,303	1,868	6,171
Depreciation			
At 1 July 2008	1,435	1,623	3,058
Depreciation charge for the year	167	202	369
Disposals	-	(224)	(224)
At 30 June 2009	1,602	1,601	3,203
Net book value at 30 June 2009	2,701	267	2,968

Notes to the financial statements
For the year ended 30 June 2010

11. Investment in group companies

During the year applications were made to strike off the following non trading subsidiaries of the company:-

NV3 Limited
Xitan Limited
Peripherals Distribution Limited
Maganet Limited
Viking Memory Components Limited
C.T.I Distribution Limited
Complex I.T. Limited
CPCo Limited

These were struck off before the end of the financial year, leaving only those shown below as non trading subsidiaries of the company.

	2010 £'000	2009 £'000
Shares in group companies		
At cost	-	32
Provision for impairment	-	(32)
	-	-

The company has no operating subsidiaries but the following dormant subsidiaries:

Name	Country of Incorporation	% owned
Solution Point Limited	England	99
Solution Technology Limited	England	100
Thripple-Thrift Limited	England	100

12. Inventories

	Group and Company 2010 £'000	2009 £'000
Goods for resale	10,322	7,173

Cost of sales include £115,934,000 (2009: £129,292,000) inventory expensed in the year's consolidated statement of comprehensive income. In the opinion of the directors the fair value of inventories held at 30 June 2010 against which provision has been made was £2,112,813 net of the provision. (2009: £1,384,545).

13. Trade and other receivables

	Group and Company 2010 £'000	2009 £'000
Trade receivables	14,604	20,187
Less provision for impairment of receivables	(322)	(405)
Net receivables	14,282	19,782
VAT receivable	1,105	-
Other receivables	7	5
Prepayments	285	325
	15,679	20,112

Notes to the financial statements
For the year ended 30 June 2010

An allowance has been made for estimated at risk amounts from the sale of goods of £322,000 (2009: £405,000). The allowance has been determined by assessing each individual debtor as well as making assessments based on past experience and knowledge of the customers and the prevailing economic conditions.

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. Trade receivables are not interest bearing.

The average days credit is 35 days (2009: 46 days). The company uses a rigorous and detailed assessment of each prospective customer before supplying goods up to a pre determined credit level, and customers are regularly re-assessed to determine current levels of credit limits.

In the opinion of the directors the provision made for bad debts, as shown below, is appropriate and that no further provision is required. In the opinion of the directors the fair value of the trade receivables are not materially different from the amounts disclosed.

Trade receivables older than credit terms

Aging of past due but not impaired receivables is as follows

	Group and Company	
	2010	2009
	£'000	£'000
30 - 60 days past due	100	187
60 - 90 days past due	26	12
90+ days past due	5	-
Total	131	199

Trade and other receivables allowance for doubtful debts

	Group and Company	
	2010	2009
	£'000	£'000
Balance at beginning of period	405	342
Amounts written off as uncollectable	(38)	(168)
Potential impairment (reduction)/recognised	(45)	231
Balance at end of period	322	405
Aging of potentially impaired receivables is as follows:		
60 - 75 days	38	160
75 - 90 days	157	166
90+ days	127	79
Total	322	405

Notes to the financial statements
For the year ended 30 June 2010

14. Cash and cash equivalents

	Group and Company 2010 £'000	Group and Company 2009 £'000
Bank balances and cash in hand	14,013	14,124
Cash and cash equivalents in statement of cash flows	14,013	14,124

15. Trade and other payables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade payables	16,268	17,336	16,268	17,336
Amount owed to group companies	-	-	-	249
Other payables	111	114	111	114
VAT	-	18	-	18
Other tax and social security	125	150	125	150
Accruals and deferred income	536	767	536	767
	17,040	18,385	17,040	18,634

The financial liabilities shown above are those which were outstanding at 30 June 2010. The average credit period taken for trade payables is 41 days (2009: 41days).
The directors consider that the fair values of trade and other payables are not materially different from those disclosed above. Trade payables are not interest bearing.

The liquidity in trade and other payables is managed by the group through the management of its cash resources as referred to in the Business and Financial Review, to ensure that for all practical purposes creditors are paid in accordance with the credit terms agreed with the suppliers.

16. Tax liabilities

	Group and Company 2010 £'000	Group and Company 2009 £'000
Corporation tax	(18)	(40)

17. 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 £'000
At 1 July 2008	48
(Credit) to income	(46)
At 1 July 2009	2
Charge to income	35
As 30 June 2010	37

No tax assets have been offset.

Notes to the financial statements
For the year ended 30 June 2010

18. Share capital

	Number	£'000
Authorised		
At at 30 June 2010 and 2009	80,000,000	2,000
Issued and fully paid		
At 30 June 2009	29,033,100	290
Ordinary shares of 1p each bought for cancellation in the year to 30 June 2010	(95,000)	(1)
At 30 June 2010	28,938,100	289

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

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.

19. Capital commitments

There were no capital commitments at 30 June 2010 (2009: £nil).

20. Operating lease arrangements

The group as lessee	2010 £'000	2009 £'000
Minimum lease payments under operating leases recognised in income for the year	606	639

At 30 June 2010 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows :

	2010 £'000	2009 £'000
One year	600	600
Between one and five years	1,950	2,550
Over five years	-	-
	2,550	3,150

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.

The group as lessor
Property rental income earned during the year was £Nil (2009: £12,000).

Notes to the financial statements
For the year ended 30 June 2010

21. Guarantees

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.

22. Related party transactions

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

During the year David Phillips made temporarily available to the company occasional use of part of his personal foreign currency funds which resulted in a total saving to the group of £3,077. Of the amounts loaned during the year nothing remained outstanding at the year end. No interest has been charged and there are no terms or conditions attached to these transactions.

During the year the company paid £30,000 as salary and £1,425 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.

23. Post balance sheet events

There were no post balance sheet events which materially affect the results for the year to 30 June 2010.

24. Contingent liabilities

During the year to 30 June 2007 the group granted a 175 year lease for an enterprise zone investment property in Arbroath.

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.

25. Financial instruments exposure

The interest rate exposure of the financial assets and liabilities of the group as at 30 June 2010 is shown in the table below. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

Based on exposure at the reporting date, currency movements are not considered likely to have a material effect on profits.

Note 13 above refers to further matters relating to credit risk as does the Business and Financial Review under the heading of Financial Risk Management.

Group and Company

	Floating £'000	Zero £'000	Total £'000
Financial assets			
Cash and cash equivalents:			
Sterling	12,906	-	12,906
US Dollars (Sterling equivalent)	470	-	470
Euros (Sterling equivalent)	637	-	637
Trade and other receivables	-	14,289	14,289
Total	14,013	14,289	28,302

Notes to the financial statements
For the year ended 30 June 2010

Group and Company

	Floating £'000	Zero £'000	Total £'000
Financial liabilities			
Trade payables:			
Sterling	-	13,817	13,817
US Dollar (Sterling equivalent)	-	1,207	1,207
Euros (Sterling equivalent)	-	1,244	1,244
Other payables	-	647	647
Total	-	16,915	16,915

The group has access to an overdraft facility of £5 million.
The average effective interest rate on bank overdrafts approximates to 0% (2009: 0.0%) per annum.
The directors estimate that an increase or decrease in annual average interest rates of 0.5% would increase/decrease profit before tax by approximately £50,000.

Type of Financial Instrument

All financial assets are classified as loans and receivables and all financial liabilities are held at amortised cost.

Maturity of Financial Instruments

All financial liabilities are classified as current and are therefore due within 60 days.

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 19 November 2010 at 12 noon for the following purposes:-

1. To receive and adopt the company's accounts for the year ended 30 June 2010 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 2010 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. Re-elect D.M. Phillips as a director.
7. To re-appoint Grant Thornton UK as auditors and to authorise the directors to fix their remuneration.

Ordinary resolution

8 (1) THAT, the directors be generally and unconditionally authorised to allot equity securities (as defined by Section 560 of the Companies Act 2006 ("the Act")), up to an aggregate nominal amount of £192,922 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 8.2 below) in connection with an offer by way of a rights issue:

a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
b) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,
c) but subject to such exclusions or other arrangements as the board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

Special resolutions

8 (2) THAT, the directors be authorised to allot equity securities pursuant to Resolution 8 (1) above up to an aggregate nominal amount of £96,922 as if Section 561 of the Companie Act 2006 (existing shareholders' rights of pre-emption)

a) did not apply to the allotment, or
b) applied to the allotment with such modifications as the directors may determine
provided that this authority shall, unless renewed, varied or revoked by the company, expire on the 19 February 2012 or, if earlier, the date of the next Annual General Meeting of the company save that the company may, before such expiry, make offers or agreements which would or might require equity securíties to be allotted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

8 (3) THAT the company be and is hereby unconditionally and generally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006 of ordinary shares of 1p in the capital of the company, provided that:

a) the maximum number of shares hereby authorised to be acquired is 2,893,810 representing 10 per cent of the present issued share capital;
b) the minimum price which may be paid for such shares is 1p 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 (continued)

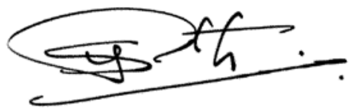
d) the authority hereby conferred shall (subject to sub-clause (e) below) expire on the date of the next Annual General Meeting of the company after the passing of this resolution; and

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.

Ordinary resolution

9. THAT the directors be authorised to publish the interim results of the company on the company's web site and dispense with printing and posting the interim results to shareholders.

By Order of the Board



S. Yoganathan ACMA ,
Secretary

Registered office:
23 Davis Road,
Chessington,
Surrey,
KT9 1HS

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.

NORTHAMBER

Northamber plc • Namber House • 23 Davis Road • Chessington • Surrey • KT9 1HS
UK Telephone: (+44) 020 8296 7000 • Fax: (+44) 020 8296 7060 • www.northamber.com