

**Northamber PLC**  
**(“Northamber” or the “Company”)**

**Interim Report for the Six months to 31 December 2017**

**Chairman’s Statement**

*Results*

It is refreshing to be able to open a report to shareholders with an overdue sense of delivered achievement. Turnover at £31.6 million for the first six months of the current year was 9.1% greater than the corresponding period of last year with an increase in Gross Profit of £173,000, resulting in a reduced loss before tax of £201,000 down from £539,000 a year ago.

Not only is it pleasing to report an improvement, but gratifying when the constituent elements of that improvement vindicate our policy of constantly moving towards more specialised, technical and higher margin products. We have continued to reduce exposure to the evaporating net margins on many of the older established technology products, albeit with a reduction in revenues.

Many of those more mature technology products, originally carrying worthwhile revenue and gross profits, now form the basic IT foundations of a business user’s installation. Against newer technologies bringing performance gains and efficiencies, they have evolved to become near commodity products as reflected by falling prices and margins. The number of higher margin opportunities has increased in our first half compared with the same period of the previous year.

The more commodity aspects of the business did however also see a small improvement in turnover for this half compared with the first half of last year. It recovered from the slow-down in the first half of 2017, returning towards its previous level, albeit at the now almost inevitable slightly reduced margin.

Further efficiency gains were made in both Distribution and Administration overhead and costs. There was also a minimal increase in the contribution in our investment income.

*Financial Position*

With Tangible Net Book value Fixed Assets at almost £8 million and Net Current Assets at £9.9 million with zero borrowings, the company remains financially strong.

Overall net cash balances were £2.2 million at the end of December 2017 and the trading improvement was reflected in increased debtors within terms, compared with £4.3 million at end December 2016 and £4.9 million at end June 2017.

The differing trading profile of the newer technology resellers, resulted in our debtor days increasing from 49 days to 57 days and our creditor days from 43 days to 52 days. The resultant impact on net liquidity has been marginal, with the Current Assets ratio (excluding cash) only falling from 1.77 times to 1.74 times

### *Dividend*

As in previous years, your board has had regard to the strength of our debt free, tangible asset strong balance sheet and is proposing the interim dividend be 0.1p, at a total cost of only £28,159. The dividend will be paid on 11 May 2018 to shareholders on the register as at 20 April 2018.

### *Staff*

Much of the improved position is due to the efforts of management and staff. To make headway in newer areas within the present very difficult trading conditions evidenced by the published and rumoured weaknesses in previously undoubted trading names, requires constant diligence and for this I am as always deeply grateful to each and every one of our staff.

### *Outlook*

Whilst now moving faster in a better, and we hope a right, direction, the current position is far from satisfactory. Each step forward appears to be thwarted by adverse happenings undermining the confidence of our customers' ultimate users, which hampers achieving the goals and targets we set for ourselves.

Nevertheless we will continue to strive and take advantage of every opportunity to take the company forward, with a return to profitability when we can make use of the accumulated pre-tax losses, for the benefit of all shareholders.

Realistically, we cannot be over-optimistic on short term results but more hopeful than not that those improvements we have shown might continue as we move through 2018 and beyond.

**D.M. Phillips**  
**Chairman**

**14 February 2018**

**Consolidated Statement of Comprehensive Income**  
**6 months to 31 December 2017**

	<b>6 months Ended 31.12.17 £'000 Unaudited</b>	<b>6 months ended 31.12.16 £'000 Unaudited</b>	<b>Year ended 30.06.17 £'000 Audited</b>
<b>Revenue</b>	31,659	29,003	57,288
Cost of sales	(29,239)	(26,756)	(52,896)
<b>Gross Profit</b>	2,420	2,247	4,392
Distribution cost	(1,471)	(1,575)	(3,042)
Administrative expenses	(1,176)	(1,234)	(2,401)
<b>(Loss) from operations</b>	(227)	(562)	(1,051)
Investment revenue	26	23	52
<b>(Loss) before tax</b>	(201)	(539)	(999)
Tax credit/(charge)	-	-	-
<b>Loss and total comprehensive income for the period</b>	(201)	(539)	(999)
Basic and diluted (loss) per ordinary share	(0.71)p	(1.91)p	(3.55)p

**Consolidated Statement of Financial Position**  
**As at 31 December 2017**

	<b>As at 31.12.17 £'000 Unaudited</b>	<b>As at 31.12.16 £'000 Unaudited</b>	<b>As at 30.06.17 £'000 Audited</b>
<b>Non current assets</b>			
Property, plant and equipment	7,953	7,914	8,025
<b>Current assets</b>			
Inventories	5,953	5,028	4,176
Trade and other receivables	12,005	9,488	9,052
Cash and cash equivalents	2,247	4,357	4,972
	<u>20,205</u>	<u>18,873</u>	<u>18,200</u>
<b>Total assets</b>	<b><u>28,158</u></b>	<b><u>26,787</u></b>	<b><u>26,225</u></b>
<b>Current liabilities</b>			
Trade and other payables	(10,294)	(8,206)	(8,160)
	<u>(10,294)</u>	<u>(8,206)</u>	<u>(8,160)</u>
<b>Total liabilities</b>	<b><u>(10,294)</u></b>	<b><u>(8,206)</u></b>	<b><u>(8,160)</u></b>
<b>Net assets</b>	<b><u>17,864</u></b>	<b><u>18,581</u></b>	<b><u>18,065</u></b>
<b>Equity</b>			
Share capital	281	281	281
Share premium account	5,734	5,734	5,734
Capital redemption reserve fund	1,505	1,505	1,505
Retained earnings	10,344	11,061	10,545
<b>Equity shareholders' fund</b>	<b><u>17,864</u></b>	<b><u>18,581</u></b>	<b><u>18,065</u></b>

**Company Statement of Financial Position**  
**As at 31 December 2017**

	<b>As at 31.12.17 £'000 Unaudited</b>	<b>As at 31.12.16 £'000 Unaudited</b>	<b>As at 30.06.17 £'000 Audited</b>
<b>Non current assets</b>			
Property, plant and equipment	1,864	1,769	1,900
Investments	6,588	6,588	6,588
	<hr/> 8,452	<hr/> 8,357	<hr/> 8,488
<b>Current assets</b>			
Inventories	5,953	5,028	4,176
Trade and other receivables	12,005	9,487	9,052
Cash and cash equivalents	2,210	4,316	4,934
	<hr/> 20,168	<hr/> 18,831	<hr/> 18,162
<b>Total assets</b>	<hr/> <b>28,620</b>	<hr/> <b>27,188</b>	<hr/> <b>26,650</b>
<b>Current liabilities</b>			
Trade and other payables	<hr/> (13,515)	<hr/> (10,850)	<hr/> (11,080)
<b>Total liabilities</b>	<hr/> <b>(13,515)</b>	<hr/> <b>(10,850)</b>	<hr/> <b>(11,080)</b>
<b>Net assets</b>	<hr/> <b>15,105</b>	<hr/> <b>16,338</b>	<hr/> <b>15,570</b>
<b>Equity</b>			
Share capital	281	281	281
Share premium account	5,734	5,734	5,734
Capital redemption reserve fund	1,505	1,505	1,505
Retained earnings	7,585	8,818	8,050
<b>Equity shareholders' fund</b>	<hr/> <b>15,105</b>	<hr/> <b>16,338</b>	<hr/> <b>15,570</b>

**Consolidated Statement of Changes in Equity**  
**As at 31 December 2017**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Period to 31 December 2016					
Unaudited					
Balance at 1 July 2016	281	5,734	1,505	11,600	19,120
Dividends	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	(539)	(539)
Balance at 31 December 2016	281	5,734	1,505	11,061	18,581
Period to 31 December 2017					
Unaudited					
Balance at 1 July 2017	281	5,734	1,505	10,545	18,065
Dividends	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	(201)	(201)
Balance at 31 December 2017	281	5,734	1,505	10,344	17,864
Year to 30 June 2017					
Audited					
Balance at 1 July 2016	281	5,734	1,505	11,600	19,120
Dividends	-	-	-	(56)	(56)
Transactions with owners	-	-	-	(56)	(56)
Loss and total comprehensive loss for the period	-	-	-	(999)	(999)
Balance at 30 June 2017	281	5,734	1,505	10,545	18,065

**Company Statement of Changes in Equity**  
**As at 31 December 2017**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Period to 31 December 2016					
Unaudited					
Balance at 1 July 2016	281	5,734	1,505	9,620	17,140
Dividends	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	(802)	(801)
Balance at 31 December 2016	<u>281</u>	<u>5,734</u>	<u>1,505</u>	<u>8,818</u>	<u>16,338</u>
Period to 31 December 2017					
Unaudited					
Balance at 1 July 2017	281	5,734	1,505	8,050	15,570
Dividends	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	(465)	(465)
Balance at 31 December 2017	<u>281</u>	<u>5,734</u>	<u>1,505</u>	<u>7,585</u>	<u>15,105</u>
Year to 30 June 2017					
Audited					
Balance at 1 July 2016	281	5,734	1,505	9,620	17,140
Dividends	-	-	-	(56)	(56)
Transactions with owners	-	-	-	(56)	(56)
Loss and total comprehensive loss for the period	-	-	-	(1,514)	(1,514)
Balance at 30 June 2017	<u>281</u>	<u>5,734</u>	<u>1,505</u>	<u>8,050</u>	<u>15,570</u>

**Consolidated Statement of Cash Flows**  
**6 months to 31 December 2017**

	<b>6 months Ended</b>	<b>6 months ended</b>	<b>Year Ended</b>
	<b>31.12.17</b>	<b>31.12.16</b>	<b>30.06.17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Cash from operating activities</b>			
Operating (loss) from continuing operations	(227)	(562)	(1,051)
Depreciation of property, plant and equipment	91	83	166
(Profit)/loss on disposal of property, plant and equipment	-	(4)	(4)
Operating (loss) before changes in working capital	(136)	(483)	(889)
(Increase)/decrease in inventories	(1,777)	(22)	830
(Increase)/decrease in trade and other receivables	(2,953)	(1,029)	(593)
Increase/(decrease) in trade and other payables	2,134	400	355
Cash (used)/generated from operations	(2,732)	(1,134)	(297)
Income taxes received/(paid)			-
Net cash from operating activities	(2,732)	(1,134)	(297)
<b>Cash flows from investing activities</b>			
Interest received	26	23	52
Proceeds from disposal of property, plant and equipment	-	4	4
Purchase of property, plant and Equipment	(19)	(2)	(197)
Net cash from investing activities	7	25	(141)
<b>Cash flows from financing activities</b>			
Dividends paid to equity shareholders	-	-	(56)
Net cash used in financing activities	-	-	(56)
Net (decrease)/increase in cash and cash equivalents	(2,725)	(1,109)	(494)
Cash and cash equivalents at beginning of period	4,972	5,466	5,446
Cash and cash equivalents at end of period	2,247	4,357	4,972

**Company Statement of Cash Flows**  
**6 months to 31 December 2017**

	<b>6 months Ended 31.12.17 £'000 Unaudited</b>	<b>6 months Ended 31.12.16 £'000 Unaudited</b>	<b>Year Ended 30.06.17 £'000 Audited</b>
<b>Cash from operating activities</b>			
Operating (loss) from continuing operations	(491)	(824)	(1,567)
Depreciation of property, plant and equipment	55	45	94
(Profit)/loss on disposal of property, plant and equipment	-	(4)	(4)
Operating (loss) before changes in working capital	(436)	(783)	(1,477)
(Increase)/decrease in inventories	(1,777)	(22)	830
(Increase)/decrease in trade and other receivables	(2,953)	(1,029)	(593)
Increase/(decrease) in trade and other payables	2,435	699	931
Cash (used)/generated from operations	(2,731)	(1,135)	(309)
Income taxes received/(paid)	-	-	-
Net cash from operating activities	(2,731)	(1,135)	(309)
<b>Cash flows from investing activities</b>			
Interest received	26	23	52
Proceeds from disposal of property, plant and equipment	-	4	4
Purchase of property, plant and Equipment	(19)	(2)	(183)
Net cash from investing activities	7	25	(127)
<b>Cash flows from financing activities</b>			
Dividends paid to equity shareholders	-	-	(56)
Net cash used in financing activities	-	-	(56)
Net (decrease)/increase in cash and cash equivalents	(2,724)	(1,110)	(492)
Cash and cash equivalents at beginning of period	4,934	5,426	5,426
Cash and cash equivalents at end of period	2,210	4,316	4,934

## Notes to the financial statements

### 1. Corporate Information

The financial information for the half year ended 31 December 2017 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The group's statutory financial statements for the year ended 30 June 2017 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Sections 498(2) and 498(3) of the Companies Act 2006. The interim results are unaudited. Northamber Plc is a public limited company incorporated and domiciled in England and Wales. The company's shares are publicly traded on the London Stock Exchange's AIM market.

### 2. Basis of preparation

These interim consolidated financial statements are for the six months ended 31 December 2017. They have been prepared in accordance with IAS34 Interim Financial Reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group for the year ended 30 June 2017.

These interim consolidated financial statements have been prepared under the historical cost convention.

These interim consolidated financial statements (the interim financial statements) have been prepared in accordance with accounting policies adopted in the last annual financial statements for the year to 30 June 2017 except for the adoption of IAS1 Presentation of Financial Statements (Revised 2007).

The adoption of IAS1 (Revised 2007) does not affect the financial position or profits of the group, but gives rise to additional disclosures. The measurement and recognition of the group's assets, liabilities, income and expenses is unchanged. A separate 'Statement of changes in equity' is now presented.

The accounting policies have been applied consistently throughout the group for the purposes of preparation of these interim consolidated financial statements.

### 3. Basis of Consolidation

For the periods covered in these interim consolidated financial statements all trading has been carried out by the parent company alone. The group includes some non-trading dormant subsidiaries. All the assets and liabilities of all subsidiaries have been included in the statements of financial position.

#### 4. Segmental Reporting

Although the sales of the group are predominantly to the UK there are sales to other countries and the following schedule sets out the split of the sales for the period. Revenue is attributable to individual countries based on the location of the customer. There are no non current assets outside the UK.

	UK	Other	Total
	£'000	£'000	£'000
<b>6 months to December 2017</b>			
Total Segment revenue	31,554	105	31,659
<b>Year to 30 June 2017</b>			
Total Segment revenue	56,996	292	57,288

One customer accounted for more than 10% of the group's revenue for the period, being £5.9m.

#### 5. Taxation

No tax charge has been provided in the interim consolidated financial statements due to the losses accumulated both in prior years and in the current period.

#### 6. Earnings per Share

The calculation of earnings per share is based on the loss after tax for the six months to 31 December 2017 of £201,000 (2016: loss £539,000) and a weighted average of 28,158,735 (2016: 28,158,735) ordinary shares in issue.

#### 7. Property, Plant and Equipment

There were no significant additions to or disposals of property, plant or equipment in the period to 31 December 2017. The reduction in the total value of property, plant and equipment was primarily due to the depreciation charge for the year.

#### 8. Risks and Uncertainties

The principal risks and uncertainties affecting the business activities of the group are detailed in the strategic report which can be found on pages 7 to 11 of the Annual Report and Accounts for the year ended 30 June 2017 (the Annual Report). A copy of the Annual Report is available on the company's web site at [www.northamber.com](http://www.northamber.com)

The risks affecting the business remain the same as in the Annual Report. In summary these include:-

Market risk particularly those relating to the suppliers of products to the group

Financial risks including exchange rate risk, liquidity risk, interest rate risk and credit risk

In the opinion of the directors, these will remain the principal risks for the remainder of the year, however, the directors have reviewed the company's risk analysis and are of the opinion that steps have been taken to minimise the potential impact of such risks.

## 9. Related Party Transactions

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

During the six months period, the company paid £300,500 (2016: £300,500) rent to Anitass Limited, a wholly owned subsidiary. At 31 December 2017 Northamber plc owed Anitass Ltd £3,259,000 (2016:£2,676,000).

## 10. Directors' Confirmation

The Directors confirm that to the best of their knowledge these condensed consolidated half year financial statements have been prepared in accordance with IAS 34 and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R, an indication of important events during the first 6 months and descriptions of principal risks and uncertainties for the remaining six months of the year, and DTR 4.2.8R the disclosure of related party transactions and changes therein.