

14 November 2019

Northamber PLC
("Northamber" or the "Company")

Preliminary Results for the year ended 30 June 2019

Chairman's Statement

I am writing in my capacity as Acting Chairman, a role I have assumed as David Phillips is currently suffering from ill health and it may be some time before he is fully recovered and able to resume his role as Chairman. We have an experienced board and strong management team upon which to rely until such time as David returns.

This year has been dominated by the sale of the Company's freehold warehouse facility in Weybridge, albeit that it took place shortly after the year end and the impact is not therefore reflected in these accounts. I will cover this in more detail later in this statement, but I shall now turn to the year under review.

Trading

At first glance, the headline results for the year appear disappointing with turnover of £50.3 million against £58.1 million for the previous year, but further analysis provides an insight into the underlying trends in the business. It is also important to recall that we took a deliberate decision to exit lower margin, commoditised product groups, which saw a material reduction in turnover between the first and second half of the year ended 30 June 2018. So, there is a steadier picture when comparing the revenues for the second half of FY2018, with the two halves of FY2019.

The first half of FY2019 was impacted by the previously reported supplier contract breach. The legal case we brought against the supplier continues, and we are still incurring legal costs. Turnover in H2 at £26.1 million was £1.8 million higher than for H1 and Gross Profit increased by £0.26 million to £2.3m, with the gross margin increased from 8.4% to 8.8%. The year on year improvement in gross margin was more pronounced, rising from 7.82% to 8.6%. The process of expansion of the more rewarding strategic Audio Visual & Solutions products continues and is reflected in these figures, along with the reduction in the proportion of lower margin products.

I believe that these figures show the strengthening trading business we are building, with a considerable improvement and confirms our policy of expanding profitable product ranges.

Financial Position

The sale of the Weybridge warehouse property after the period end will of course have a very significant impact on the shape of the balance sheet but we closed the financial year in a strong position.

Based on the position at 30 June 2019, which excludes the £16.4 million cash proceeds from the property sale, the Company had a very strong balance sheet with a net current assets ratio of 2.2 compared with 2.4 in the previous year and cash on hand of £3.4 million compared with £5.1 million in the previous year.

The working capital ratios all increased this year which were the result mainly of changes in the structure of the product range and in the supplier/customer profiles.

At 30 June 2019 the Net Assets per share were 60.8p (2018: 62.2p), based on the Balance Sheet values including our two unencumbered freehold properties (but before the sale of the Weybridge property).

Sale of the Property

It is too early to report on how best to apply the proceeds of the sale of the warehouse property; there are a number of options open to the board on how best to utilise these funds for the benefit of the company and

the shareholders. We also need to decide on an appropriate course of action in relation to our overall property requirements. We shall of course be reporting the outcome of any decision made in due course.

Dividend

Having regard to the strength of the Group's debt free tangible asset base, the Board is proposing to pay an increased final dividend of 0.3p per share, at a total cost of £82,498 which will be paid on 17 January 2020 to shareholders on the register on 13 December 2019.

Staff

As in previous years the Board would like to express their great appreciation for the dedication and effort produced by the staff during the year as we continue to drive changes in strategy.

Outlook

It is our intention to continue to implement the strategy of product and margin improvements which is showing positive results. It remains, however, beyond our ability to control or remove those restraints and constraints which have applied for the last few years. These have not abated and are even more applicable in the current climate of uncertainty.

As mentioned above, the Board will be deliberating the most appropriate strategy to grow the business and maximise shareholder value, whilst also balancing the longer-term requirements for appropriate property facilities.

The future of the Company, with the resources available to it, looks more promising despite the wider economic and political backdrop, and I look forward to updating you on progress in due course.

G.P. Walters
Acting Chairman

For more information please contact:

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019 Total £'000	2018 Total £'000
Revenue	50,329	58,136
Cost of sales	(45,998)	(53,589)
Gross Profit	<u>4,331</u>	<u>4,547</u>
Distribution costs	(2,849)	(2,850)
Administrative costs	(2,352)	(2,276)
Loss from operations	<u>(870)</u>	<u>(579)</u>
Investment revenue	272	90
Loss before tax	<u>(598)</u>	<u>(489)</u>
Tax (charge)	-	-
Loss for the year and total comprehensive loss	<u><u>(598)</u></u>	<u><u>(489)</u></u>
Basic and diluted loss per ordinary share	(2.17)p	(1.74)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	2019	2018
	£'000	£'000
Non current assets		
Property, plant and equipment	1,792	7,894
Current assets		
Inventories	3,320	3,378
Trade and other receivables	9,492	8,145
Cash and cash equivalents	3,446	5,067
Assets classified as held for sale	6,019	-
	<u>22,277</u>	<u>16,590</u>
Total assets	<u>24,069</u>	<u>24,484</u>
Current liabilities		
Trade and other payables	(7,434)	(6,964)
	<u>(7,434)</u>	<u>(6,964)</u>
Total liabilities	<u>(7,434)</u>	<u>(6,964)</u>
Net assets	<u>16,635</u>	<u>17,520</u>
Equity		
Share capital	273	281
Share premium account	5,734	5,734
Capital redemption reserve	1,513	1,505
Treasury Shares	(7)	-
Retained earnings	9,122	10,000
	<u>16,635</u>	<u>17,520</u>
Equity shareholders' funds attributable to the owners of the parent	<u>16,635</u>	<u>17,520</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012019

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Treasury shares £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 July 2018	281	5,734	1,505	-	10,545	18,065
Dividends	-	-	-	-	(56)	(56)
Transactions with owners	-	-	-		(56)	(56)
Loss and total comprehensive loss for the year	-	-	-	-	(489)	(489)
Balance at 30 June 2018	281	5,734	1,505		10,000	17,520
Dividends	-	-	-	-	(55)	(55)
Purchase and cancellation of shares	(8)		8	-	(225)	(225)
Purchase of treasury shares	-	-	-	(7)	-	(7)
Transactions with owners	(8)	-	8	(7)	(280)	(287)
Loss and total comprehensive loss for the year	-	-	-	-	(598)	(598)
Balance at 30 June 2019	<u>273</u>	<u>5,734</u>	<u>1,513</u>	<u>(7)</u>	<u>9,122</u>	<u>16,635</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	2019	2018
	£'000	£'000
Cash flows from operating activities		
Operating (loss) from continuing operations	(870)	(579)
Depreciation of property, plant and equipment	153	188
(Profit) on disposal of property, plant and equipment	-	-
Operating (loss) before changes in working capital	(717)	(391)
Decrease/(increase) in inventories	58	798
Increase/(decrease) in trade and other receivables	(1,346)	907
Increase/(decrease) in trade and other payables	470	(1,196)
Cash (used in)/generated from operations	(1,535)	118
Income taxes paid	-	-
Net cash (used in)/generated from operating activities	(1,535)	118
Cash flows from investing activities		
Interest received	272	90
Purchase of property, plant and equipment	(71)	(57)
Proceeds from disposal of property, plant and equipment	-	-
Net cash from investing activities	201	33
Cash flows from financing activities		
Dividends paid to equity shareholders	(55)	(56)
Purchase of cancellation of shares	(225)	-
Purchase of treasury shares	(7)	-
Net cash used in financing activities	(287)	(56)
Net increase in cash and cash equivalents	(1,621)	95
Cash and cash equivalents at beginning of year	5,067	4,972
Cash and cash equivalents at end of year	3,446	5,067

Notes

1. Financial information

The results of the year ended 30 June 2019 have been prepared using the accounting policies and methods of computation consistent with those used in the Group's annual report for the year ended 30 June 2019. The results have also been presented and prepared in a form consistent with that which will be adopted in the Group's annual report for the year ended 30 June 2019 and in accordance with the recognition and measurement requirements of the International Reporting Standards as adopted by the European Union.

The financial information set out above does not constitute the group's statutory accounts for the years ended 30 June 2018 or 30 June 2019, but is derived from those accounts. The statutory accounts for the year ended 30 June 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered following the group's annual general meeting. The auditors have reported on these accounts, their reports were unqualified and did not contain statements under s.498(2) or (3) of the Companies Act 2006. The information contained in this statement does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

2. Revenue

Although the sales of the group are predominantly to the UK there are sales to other countries and the following table sets out the split of the sales for the year. Revenue is attributable to individual countries based on the location of the customer.

Revenues comprise:	2019 £'000	2018 £'000
Revenue from contracts with customers - UK	49,655	57,661
-other	674	475
	<u>50,329</u>	<u>58,136</u>
Investment revenue	272	90
	<u>50,601</u>	<u>58,226</u>

One customer accounted for more than 10% of the group's revenue for the year, being £6.4m (2018: £7.6m).

3. Loss per ordinary share

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

	2019 £'000	2018 £'000
(Loss) for the year attributable to equity holders of the parent company	<u>(598)</u>	<u>(489)</u>
Number of shares	2019 Number	2018 Number
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>27,499,434</u>	<u>28,158,735</u>

4. Dividends

A final dividend of 0.3p per share will be paid on 17 January 2020 to those members on the register at close of business on 13 December 2019.

5. Notice of meeting

The annual report accounts for the year ended 30 June 2019 will be posted to shareholders in due course and the Annual General Meeting will be held on 18 December 2019.

The Company's registered office is Namber House, 23 Davis Road, Chessington, Surrey, KT9 1HS.