

**3 November 2017**

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

**Preliminary Results for the year ended 30 June 2017**

**CHAIRMAN’S STATEMENT**

**Results**

Despite advising positive and worthwhile progress at the time of the interim results in March and an improved second half, it is disappointing to advise overall results hampered by a slower transition than anticipated and a resultant slight 7.4% revenue loss for the year to 30 June 2017 of £57.3 million versus £61.8 million a year ago.

Overall margins slipped very slightly from 7.8% to 7.7% as we continue our focus on strategic rather than volume brands, resulting in the Gross Profit being reduced from £4.8 million to £4.4 million. This also reflects the slight reduction in total revenues with a fall in vendor rebates on those minimal margin volume products. More attention to overhead efficiencies on non-strategic, less profitable areas, delivered a further reduction in both distribution and administration costs, resulting in a £234,000 improvement in the pre tax loss to £999,000 compared with £1,233,000 for last year.

The loss on operations for the second half of the current year was some 32% lower than the comparative period last year. This combined with a 13% reduction for the first half year comparison resulted in a total reduction in the loss on operations being 19% lower for the year compared with the previous year.

At the December 2016 half year, I was once again cautious concerning our long standing product offerings and am since encouraged by the lower rate of decline in second half revenues compared with the first half; in the first half revenues fell some 10.8% against the prior year but by only 3.5% in the second half (again compared to the comparable period).

We had also expected that with the newer product elements showing solid improvement gains, the profit vs revenue trend would have been more positive, however we were thwarted by some reversals particularly those affecting the retail IT sector, as noted below.

In my report last October, I mentioned three sections of the business, being Wholesale, Solutions and Retail. I am pleased to report that there were improvements in the year in both revenue and margins for the Solutions element. This has a higher level of added value and thus better margins than the other divisions, plus it is an area where we are confident of the value in continued concentration.

Our volume Wholesale section of the business supported refined focus for Financial year 2017 compared with 2016. However, as you will be aware the end-user Retail sector in computer related products has been hit by a number of factors which have affected the revenues and also vendor volume rebates as a whole and an impact on our overall business this year.

**Financial Position**

The Financial Position remains strong with unencumbered net assets unchanged at £20 million including £2 million of fair value over the book value of the property assets. Stock turns for the year have improved by 11% over the previous year, debtor and creditor days remain satisfactory and within the evolving business model and the liquidity ratios remain strong. Cash balances at 30 June 2017 were £4.97 million compared with £5.47 million at 30 June 2016.

## **Board**

It is with deep gratitude and great regret that after many years, we will lose Reg Heath from the board at the AGM. Reg's highly respected, very acutely succinct and wise input has always been of the utmost value and will be missed greatly. We wish Reg and his family all the very best for his retirement. We are currently meeting with prospective candidates for a non-exec role and will provide further updates in due course.

## **Dividend**

Based on the continuing strength of the group's debt free tangible asset base, the board is proposing to pay an unchanged final dividend of £0.1 per share, at a total cost of £28,159 which will be paid on 18 January 2018.

## **Staff**

All businesses rely on the quality and dedication of their staff, particularly so when that business is primarily a people to people selling based organisation, as opposed to a manufacturing or on-line business. We are well served by all our staff and especially by the many long serving members thereof, and I am very grateful to them all.

## **Outlook**

Further newer activities launched over recent months, have started to deliver more purposeful results, but what can one say about future prospects when volatile uncertainties now prevail in almost every aspect of all our lives.

Within the evolving business model, the Board can see opportunities to make a constructive difference in the short to medium term. We shall continue to strive to maximise those areas where we can achieve benefits and look after those areas where we already have advantages.

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

1 November 2017

### **For more information please contact:**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	57,288	61,844
Cost of sales	(52,896)	(57,025)
<b>Gross Profit</b>	<u>4,392</u>	<u>4,819</u>
Distribution costs	(3,042)	(3,310)
Administrative costs	(2,401)	(2,801)
<b>Loss from operations</b>	<u>(1,051)</u>	<u>(1,292)</u>
Investment revenue	52	59
<b>Loss before tax</b>	<u>(999)</u>	<u>(1,233)</u>
Tax (charge)	-	-
<b>Loss for the year and total comprehensive loss</b>	<u><u>(999)</u></u>	<u><u>(1,233)</u></u>
<b>Basic and diluted loss per ordinary share</b>	(3.55)p	(4.38)p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non current assets</b>		
Property, plant and equipment	8,025	7,995
<b>Current assets</b>		
Inventories	4,176	5,006
Trade and other receivables	9,052	8,459
Cash and cash equivalents	4,972	5,466
	<u>18,200</u>	<u>18,931</u>
<b>Total assets</b>	<u><b>26,225</b></u>	<u><b>26,926</b></u>
<b>Current liabilities</b>		
Trade and other payables	(8,160)	(7,805)
<b>Total liabilities</b>	<u><b>(8,160)</b></u>	<u><b>(7,805)</b></u>
<b>Net assets</b>	<u><b>18,065</b></u>	<u><b>19,121</b></u>
<b>Equity</b>		
Share capital	281	281
Share premium account	5,734	5,734
Capital redemption reserve	1,505	1,505
Retained earnings	<u>10,545</u>	<u>11,601</u>
<b>Equity shareholders' funds</b>	<u><b>18,065</b></u>	<u><b>19,121</b></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**At 30 June 2017**

	<b>Share Capital</b>	<b>Share Premium Account</b>	<b>Capital Redemption Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 July 2015	281	5,734	1,505	12,946	20,466
Dividends	-	-	-	(113)	(113)
Transactions with owners	-	-	-	(113)	(113)
Loss and total comprehensive loss for the year	-	-	-	(1,233)	(1,233)
Balance at 30 June 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 year	-	-	-	(999)	(999)
Balance at 30 June 2017	<u>281</u>	<u>5,734</u>	<u>1,505</u>	<u>10,545</u>	<u>18,065</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2017**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
<b>Cash from operating activities</b>		
Operating (loss) from continuing operations	(1,051)	(1,292)
Depreciation of property, plant and equipment	166	167
(Profit) on disposal of property, plant and equipment	(4)	-
Operating (loss)/ profit before changes in working capital	<u>(889)</u>	<u>(1,125)</u>
Decrease/(increase) in inventories	830	(487)
(Increase) /decrease in trade and other receivables	(593)	1,716
Increase) in trade and other payables	355	7
Cash generated from operations	<u>(297)</u>	<u>111</u>
Income taxes paid	-	-
Net cash from operating activities	<u>(297)</u>	<u>111</u>
<b>Cash flows from investing activities</b>		
Interest received	52	59
Purchase of property, plant and equipment	(197)	(32)
Proceeds from disposal of property, plant and equipment	4	-
Net cash from investing activities	<u>(141)</u>	<u>27</u>
<b>Cash flows from financing activities</b>		
Dividends paid to equity shareholders	(56)	(113)
Net cash used in financing activities	<u>(56)</u>	<u>(113)</u>
Net(decrease)/ increase in cash and cash equivalents	(494)	25
Cash and cash equivalents at beginning of year	5,466	5,441
Cash and cash equivalents at end of year	<u>4,972</u>	<u>5,466</u>

## Notes

### 1. Financial information

The results of the year ended 30 June 2017 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 2017, and in accordance with the recognition and measurement requirements of the International Financial 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 2016 or 30 June 2017, but is derived from those accounts. The statutory accounts for the year ended 30 June 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the group's annual general meeting. The auditors have reported on these accounts, their reports were unmodified and 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. Segmental reporting

Management has determined that there is only one operating segment of the group 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 group as a whole. All decisions on the allocation of resources impacts on all aspects of the group. Information presented to the Chief Operating Decision Maker is the same as is reported in these financial statements.

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 year. 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>Year to 30 June 2016</b>			
Total Segment revenue	61,615	229	61,844
<b>Year to 30 June 2017</b>			
Total Segment revenue	56,996	292	57,288

One customer accounted for more than 10% (2016: 10%) of the group's revenue for the year, being £7.4m (2016:£8.6m).

### 3. Loss per ordinary share

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

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Loss for the year attributable to equity holders of the parent company	<u>(999)</u>	<u>(1,233)</u>
	<b>2017</b> <b>Number</b>	<b>2016</b> <b>Number</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	<u>28,158,735</u>	<u>28,158,735</u>

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. Both basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent company as the numerator; therefore no adjustments to loss were necessary in 2016 and 2017.

Net Assets per share, as disclosed within the summary of the last five years of trading, is calculated by dividing the net assets as disclosed in the consolidated statement of financial position by the number of ordinary shares in issue at the year end.

### 4. Dividends

A final dividend of 0.1p per share will be paid on 18 January 2018 to those members on the register at close of business on 8 December 2017.

### 5. Notice of meeting

The annual report and accounts for the year ended 30 June 2017 will be posted to shareholders in due course and the Annual General Meeting will be held on 12 December 2017.

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