

Northern Bear Plc
Placing and admission
to AIM market
Building Services and Materials

Nominated Advisor:
Dawnay, Day Corporate Finance Limited

Broker:
Dawnay, Day Corporate Broking



Northern Bear



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The Company (whose name and registered office appear on page 3 of this document) and the Directors of the Company (whose names appear on page 3 of this document under the heading "Directors") accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document comprises an AIM admission document for the purposes of the AIM Rules. Any offer of Ordinary Shares is being made only to qualified investors for the purposes of and as defined in section 86 of FSMA and accordingly this document does not constitute a prospectus and the Company is not making an offer to the public within the meaning of sections 85 and 102B of FSMA. This document is not an approved prospectus for the purposes of and as defined in section 85 of FSMA and has not been prepared in accordance with the Prospectus Rules and has not been approved by the FSA or by any other competent authority which could be a competent authority for the purposes of the Prospectus Directive. Further, this document has not been approved for issue for the purposes of section 21 of FSMA.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on AIM on 19 December 2006. Conditional dealings in the Ordinary Shares will commence on AIM on 13 December 2006. The Ordinary Shares are not dealt in on any other recognised investment exchange and no applications have been made for any other such dealings.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the UK Listing Authority nor the London Stock Exchange has examined or approved the contents of this document.

Prospective investors should read the whole text and contents of this document and should assume that an investment in the Company is speculative and involves a high degree of risk. In particular, prospective investors should carefully consider the section entitled "Risk Factors" in Part XIV of this document before taking any action.

NORTHERN BEAR PLC

(Incorporated and registered in England & Wales with registered number 5780581)

Placing of 2,751,133 Ordinary Shares at 88p per share and Admission to trading on AIM

Nominated Adviser

Broker

DAWNAY, DAY CORPORATE FINANCE LIMITED

DAWNAY, DAY CORPORATE BROKING

Share Capital immediately following the Placing and on Admission

Authorised			Issued and Fully Paid	
Amount	Number		Amount	Number
£500	50,000,000	Ordinary Shares of £0.01 each	£112,930.19	11,293,019
£50,000	50,000	Redeemable Shares of £1.00 each	£nil	£nil

The Placing is conditional, *inter alia*, on Admission taking place on or before 27 December 2006 (or such later date as the Company and Dawnay, Day Corporate Finance Limited and Dawnay, Day Corporate Broking (a division of Dawnay, Day Brokers Limited)) may agree and upon the Company raising a minimum of £2 million gross. The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after the date of this document. In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing, Northern Bear, any of its subsidiaries or investments or the Placing Shares other than as contained in this document. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised.

This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not intended for distribution in or into the United States, Canada, Australia, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or any state securities laws and unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. The Ordinary Shares have not been registered under the securities laws of Canada, Australia, South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Dawnay, Day Corporate Finance Limited and Dawnay, Day Corporate Broking are authorised and regulated in the United Kingdom by the FSA and are acting exclusively for the Company and no one else in connection with the Placing and Admission. Neither Dawnay, Day Corporate Finance Limited nor Dawnay, Day Corporate Broking will regard any other person as its customer or be responsible to any other person for providing the protections afforded to its customers nor for providing advice in relation to the contents of this document or any other matter, transaction or arrangement referred to in it. Dawnay, Day Corporate Finance Limited has been appointed as nominated adviser to the Company and has confirmed to the London Stock Exchange, in accordance with the AIM Rules, that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. However, no representation or warranty, express or implied, is made by Dawnay, Day Corporate Finance Limited, and Dawnay Day Corporate Finance Limited accepts no liability, in respect of the accuracy of the information or opinions contained in this document or for the omission of any material information, for which it is not responsible (without limiting statutory rights of any person to whom this document is issued).

This document contains forward looking statements, including without limitation, statements containing the words "believe", "anticipated", "expected" and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial conditions, performance or achievement of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors" set out in Part XIV of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company disclaims any obligation to update any such forward looking statement in this document to reflect future events or developments.

Copies of this document are available for collection, free of charge, from the date of Admission and for one month thereafter during normal business hours from Dawnay, Day Corporate Finance Limited, 17 Grosvenor Gardens, London SW1W 0BD.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Jon Peter Pither <i>Executive Chairman</i> Graham Stuart Lindsay Forrest <i>Chief Executive Officer</i> Steven Mark Roberts <i>Interim Finance Director</i> Marcus Yeoman <i>Non-executive Director</i> Roy Robert Edward Stanley <i>Non-executive Director</i> all of the registered office
Registered Office	Unit 1 Station House Station Road Chester-le-Street County Durham DH3 3DU Tel: 0191 371 2934
Company Secretary	Graham Stuart Lindsay Forrest
Nominated Adviser	Dawnay, Day Corporate Finance Limited 17 Grosvenor Gardens London SW1W 0BD
Broker	Dawnay, Day Corporate Broking (a division of Dawnay, Day Brokers Limited) 17 Grosvenor Gardens London SW1W 0BD
Solicitors to the Company	Mincoffs Solicitors LLP 5 Osborne Terrace Newcastle upon Tyne NE2 1SQ
Auditors, Reporting Accountants and Tax Advisers	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX
Solicitors to the Nominated Adviser and Broker	Olswang 90 High Holborn London WC1V 6XX
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Accountants’ Reports”	the reports on the members of the Group (excluding Prosafe Consultants Limited) addressed to the Directors, and set out in Parts IV to XII of this document
“Act”	the Companies Act 1985 (as amended)
“Acquired Subsidiaries”	Isoler, Roof Truss, Springs Roofing, Wensley Roofing
“Admission”	admission of the Ordinary Shares, issued and to be issued, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the market operated by the London Stock Exchange known as AIM
“AIM Rules”	the rules of AIM published by the London Stock Exchange governing admission to and the operation of AIM
“Articles of Association” or “Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company as at the date of this document, whose names are set out on page 3 of this document
“Broker Agreement”	the broker agreement dated 8 December 2006 between (1) the Company and (2) DDCB, a summary of which is set out in paragraph 9(t) of Part XV of this document
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“City Code” or “Code”	the City Code on Takeovers and Mergers
“Combined Code”	the revised combined code on the principles of good governance and code of best practice published in June 2003 by the Financial Reporting Council, as amended
“Company” or “Northern Bear”	Northern Bear PLC
“CREST”	the computerised settlement system operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended) (SI 2001/3755)
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“DDCB” or “Broker”	Dawnay, Day Corporate Broking (a division of Dawnay, Day Brokers Limited), nominated broker to Northern Bear
“DDCF” or “Nominated Adviser”	Dawnay, Day Corporate Finance Limited, nominated adviser to Northern Bear
“Dudley Wilson”	Dudley Wilson Limited
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following the Placing
“Executive Directors”	Graham Forrest, Jon Pither and Steven Roberts
“Existing Shares”	the 175,100 issued Ordinary Shares as at the date of this document and prior to the Placing
“Floor Joist”	The Floor Joist Company (Northern) Limited
“Founders”	Jon Pither and Graham Forrest
“FSA”	the UK Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and each of its Subsidiaries (including for the purpose of this document and assuming completion of the Share Exchange Agreements, the Acquired Subsidiaries and Floor Joist)

“Group Companies”	together, the members of the Group
“Isoler”	Isoler Limited
“Kelmax”	Kelmax Roofing Limited
“London Stock Exchange”	London Stock Exchange plc
“Maximuse”	Maximuse Limited
“MGM”	MGM Limited
“MGM Option”	the option in favour of the Company contained an option agreement dated 6 December 2006 between (1) the Company and (2) the Shareholders of MGM, a summary of which is set out in paragraph 9(r) of Part XV of this document
“Nominated Adviser Agreement”	the nominated adviser agreement dated 8 December 2006 between (1) the Company (2) DDCB and (3) the Directors, a summary of which is set out in paragraph 9(s) of Part XV of this document
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of 1p each in the capital of Northern Bear
“Panel”	the Panel on Takeovers and Mergers
“Placers”	all or any of the subscribers for the Placing Shares pursuant to the Placing
“Placing”	the placing by DDCB of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 8 December 2006 between (1) the Company (2) DDCB (3) DDCF and (4) the Directors relating to the Placing, a summary of which is set out in paragraph 10 of Part XV of this document
“Placing Price”	88p per Placing Share
“Placing Shares”	the 2,751,133 Ordinary Shares to be allotted and issued pursuant to the Placing, such allotment being conditional on Admission
“Prospectus Directive”	directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on when a prospectus is to be published when securities are offered to the public or admitted to trading
“Prospectus Rules”	the Prospectus Rules published by the FSA
“Redeemable Shares”	redeemable shares of £1 each in the capital of Northern Bear
“Registrar”	Capita Registrars, a trading division of Capita IRG Plc
“Ron Gone”	Ron Gone Limited
“Roof Truss”	The Roof Truss Company (Northern) Limited
“Share Exchange Agreements”	the agreements dated 6 December 2006 between the Company and the shareholders of each of Ron Gone, Dudley Wilson, Kelmax, Maximuse and Floor Joist, summaries of which are set out in paragraphs 9(l) to (p) (inclusive) of Part XV of this document
“Share Option Schemes”	together the 2006 Enterprise Management Incentive Scheme and the 2006 Unapproved Share Option Scheme of the Company (further details of which are set out in paragraph 4 of Part XV of this document)
“Shareholders”	holders of Ordinary Shares
“Springs Roofing”	Springs Roofing Limited
“Subsidiary”	as defined in sections 736 and 736A of the Act
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “in uncertificated form”	recorded in the register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US” or “USA” or “United States”	the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America
“Wensley Roofing”	Wensley Roofing Limited

PLACING STATISTICS

Price per Placing Share	88p
Number of Placing Shares	2,751,133
Number of Ordinary Shares in issue on Admission ¹	11,293,019
Market capitalisation on Admission at the Placing Price ¹	£9.94 million
Gross proceeds of the Placing ¹	£2.42 million
Estimated net proceeds of the Placing ²	£1.52 million
Placing Shares as a percentage of the Enlarged Share Capital on Admission ¹	24.36%
The International Security Identification Number for the Ordinary Shares to be admitted to trading on AIM	GB00B19FLM15
AIM Symbol	NTBR

1 Assuming the Placing is fully subscribed

2 Net proceeds of the Placing are after deduction of the expenses of the Placing

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	8 December 2006
Expected date of conditional dealings ³	13 December 2006
Admission effective and commencement of unconditional dealings in Ordinary Shares on AIM	19 December 2006
Expected date for CREST accounts to be credited with uncertificated Placing Shares (where applicable)	19 December 2006
Despatch of definitive share certificates in respect of the Placing Shares (where applicable)	29 December 2006

3 It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

PART I

Key Information

The following information is extracted from and should be read in conjunction with the full text of this document. Prospective investors should read the whole of this document, including the risk factors set out in Part XIV, and not rely solely on the following summarised information, which does not contain all the information that investors should consider before acquiring the Placing Shares.

Overview	Northern Bear is the holding company of a North East of England based building services and materials group. The Company was incorporated in 2006 to centralise the strategy and finance functions of a group of otherwise autonomous companies.
The Group	<p>The Group comprises a holding company, Northern Bear, and ten subsidiary companies. Four of these companies are non-trading (and were incorporated to act as the holding companies of the four Acquired Subsidiaries) and the fifth is dormant. Of the five trading companies, four were existing companies which have been acquired (the Acquired Subsidiaries) and the fifth, Floor Joist, was incorporated on 9 May 2006.</p> <p>The trading subsidiaries are:</p> <p>Isoler – a specialist contractor which provides fire protection and noise reduction services to construction companies for their developments in the North East of England.</p> <p>Roof Truss – designs and manufactures roof trusses, supplying its clients in the North East of England from a purpose built site.</p> <p>Springs Roofing – a roofing contractor based in the North East of England, specialising in roof slating, tiling and felt roofing.</p> <p>Wensley Roofing – provides a range of roofing services for construction projects.</p> <p>Floor Joist – designs and manufactures timber engineered floor joists, providing domestic flooring solutions to house builders in the North East of England. Floor Joist commenced trading in October 2006.</p>
Corporate Strategy	<p>The Directors' objective is to continue to apply the strategy developed by the Founders. This is to acquire owner-managed businesses in the building services and materials sector which demonstrate consistent profitability, positive operating cash flow and have experienced management who are prepared to make a long term commitment to the business.</p> <p>With any proposed acquisition it is the intention that some or all of the existing management will be retained to operate the business and key personnel will be incentivised.</p> <p>The Directors believe that an opportunity for growth for the Group is the need of founders and operators of small, self contained, profitable businesses to realise all or part of their equity. They also believe that a factor for owners of possible target businesses in deciding whether to accept an offer to dispose of their business is the future of the management team who have, in some cases, been with the business for many years.</p> <p>The Directors believe the Group is well placed to be able to make further acquisitions of similar businesses to those of the Acquired Subsidiaries by taking advantage of the Directors' industry and professional contacts in the North East of England and in this regard have secured an option to</p>

acquire MGM. The MGM Option is exercisable solely at the discretion of Northern Bear. Exercise of the MGM Option will be subject to the Company completing a satisfactory due diligence review (which has still to be undertaken). Therefore it is not currently certain that the acquisition of MGM will proceed to completion.

Further details of the MGM Option are set out in paragraph 9(r) of Part XV of this document.

Financial Overview

The Accountants' Reports are set out in Parts IV to XII of this document. Due to the different financial reporting periods, it is not possible to show annualised performance figures for the Group. However, on a pro-forma basis, the total turnover of the Acquired Subsidiaries for the period of their most recent audited annual financial statements is approximately £12.8 million.

The summary financial information below, which has been extracted without material adjustment from the financial information set out in Parts V to VIII of this document, is for illustrative purposes only and sets out the key financial figures for each of the Acquired Subsidiaries for their last financial year.

<i>Most recent audited annual financial statements⁽¹⁾⁽⁶⁾</i>					
	<i>Isoler</i> £000	<i>Roof Truss</i> £000	<i>Springs</i> <i>Roofing</i> £000	<i>Wensley</i> <i>Roofing</i> £000	<i>Total</i> £000
Turnover	1,718	1,525	4,642	4,884	12,769
Operating Profit	182	141	795	626	1,744
Depreciation	16	39	49	54	158
EBITDA⁽²⁾	198	180	844	680	1,902
Adjustments:					
Exiting director ⁽³⁾	50	25	34	—	109
Non-recurring pension ⁽⁴⁾	13	30	—	133	176
Total adjustments	63	55	34	133	285
Adjusted EBITDA⁽²⁾	261	235	878	813	2,187
Adjusted profit after tax ⁽²⁾⁽⁵⁾	173	147	542	585	1,447
<i>Prior period⁽¹⁾⁽⁶⁾</i>					
	<i>Isoler</i> £000	<i>Roof Truss</i> £000	<i>Springs</i> <i>Roofing</i> £000	<i>Wensley</i> <i>Roofing</i> £000	<i>Total</i> £000
Turnover	1,832	1,267	3,679	3,976	10,754
Operating Profit	224	195	491	273	1,183
Depreciation	9	15	59	44	127
EBITDA⁽²⁾	233	210	550	317	1,310
Adjustments:					
Exiting director ⁽³⁾	64	30	287	—	381
Non-recurring pension ⁽⁴⁾	13	3	—	80	96
Total adjustments	77	33	287	80	477
Adjusted EBITDA⁽²⁾	310	243	837	397	1,787
Adjusted profit after tax ⁽²⁾⁽⁵⁾	264	192	645	300	1,401

Notes

1. Isoler figures relate to the years ended 31 March 2006 and 2005. Roof Truss figures relate to the years ended 30 June 2005 and 2004. Springs Roofing figures relate to the 11 months ended 31 March 2006 and the year ended 30 April 2005. Wensley Roofing figures relate to the years ended 31 December 2005 and 2004.
2. No adjustment has been made in respect of any central administration cost allocation.
3. Adjustments relate to the directors of Isoler, Roof Truss and Springs Roofing, whose employment ceased on acquisition.
4. Adjustments relate to non-recurring pension contributions made to directors' personal pension funds.
5. Before equity dividends paid. The interest charges included in profit after tax above do not reflect the post-acquisition debt structure of the businesses.
6. During the periods presented above, the businesses were private businesses and were operated by directors who were also the major shareholders (save in relation to Isoler, which was acquired by Ron Gone in November 2005).

The Placing and Admission

The Placing comprises 2,751,133 Ordinary Shares at the Placing Price of 88p per Ordinary Share. The Placing Shares will represent approximately 24.36 per cent. of the Enlarged Share Capital. Further details of the Placing Agreement are set out in paragraph 10 of Part XV of this document. The Placing is conditional upon the Company raising a minimum of £2 million gross, Admission becoming effective by 31 December 2006 and the Placing Agreement becoming unconditional in all other respects.

Application has been made to the London Stock Exchange for the whole of the ordinary share capital of the Company (issued and to be issued pursuant to the Placing and the Share Exchange Agreements) to be admitted to trading on AIM. It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on AIM on 19 December 2006. Settlement of dealings from that date will be on a three day rolling basis. Prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on AIM on 13 December 2006. The earliest date for settlement of such dealings will be 19 December 2006. All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a “conditional basis”, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. These dates and times may be changed.

Each investor will be required to undertake to pay the Placing Price for the Ordinary Shares sold or issued to such investor in such manner as shall be directed by DDCB. It is expected that Ordinary Shares allocated to investors in the Placing will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST account shall be at the risk of the person concerned.

Reasons for the Placing and use of net proceeds

The Board believe that Admission to AIM will raise the profile of the Group (helping to attract future acquisition targets), provide acquisition currency and liquidity in the Ordinary Shares and assist in attracting and retaining experienced staff (through the use of equity incentives).

The estimated net proceeds of the Placing after expenses will be approximately, £1.52 million. The Company plans to use the majority of the funds raised from the Placing and to which it is entitled to progress its current acquisition policy and the Board also intends to use a proportion of the funds to pay off the deferred consideration from the acquisitions of the Acquired Subsidiaries.

Dividend Policy

The Board intends to implement a progressive dividend policy and, subject to there being no unforeseen circumstances, intends to pay an initial dividend in September 2008.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS REFERRED TO IN PART XIV OF THIS DOCUMENT.

PART II

Information on the Group

1. Introduction

Northern Bear was incorporated in 2006 to centralise the strategy and finance functions of a group of otherwise autonomous companies, each of which provides products and/or services to the construction industry and house builders within the North East of England. Each of the Acquired Subsidiaries continues to be operated independently by members of their original management.

It is the intention of the Directors that Northern Bear will continue to make acquisitions following Admission, provided that suitable target businesses can be identified.

2. Background & History

In early 2005 the Founders developed a strategy which they believed would enable them to become a preferred buyer for mature, owner-managed businesses. The Founders decided to focus this strategy on the acquisition of building services and materials businesses based in the North East of England.

The following companies were acquired, using special purpose vehicles.

Isoler was acquired by Ron Gone from its founder in November 2005. It is a specialist in passive fire protection which was incorporated in 1992 in order to provide services to the construction industry. John Gilstin, who has been involved in the management of the business since its inception, has stayed with Isoler as its managing director since the date of the acquisition.

Roof Truss was acquired by Dudley Wilson from its founders in December 2005. Roof Truss, was incorporated in 1991 and is a supplier of roof trusses to house builders in the North East of England. Kevin Gray, who has been a director and manager of the business since 1997, continues to manage Roof Truss.

In July 2006 Kelmax acquired **Springs Roofing**. Springs Roofing is an established roofing specialist, formed by Jeff Lightle 21 years ago, and has strong client relationships in both the public and private sectors. Keith Muldoon has been a director of the Company since 1995 and has stayed with Springs Roofing as managing director, whilst Jeff Lightle remains as a consultant.

On 1 August 2006 Maximuse acquired **Wensley Roofing**. Wensley Roofing is an established roofing specialist which commenced trading in 1986 and continues to be managed by its founder, Keith Soulsby. It provides a range of roofing services to customers including major national house builders operating in the North East of England.

In addition to the above, the Founders and Kevin Gray formed a new company, Floor Joist, to complement the business of Roof Truss. Floor Joist, which began trading in October 2006, supplies floor joists to house builders in the North East of England.

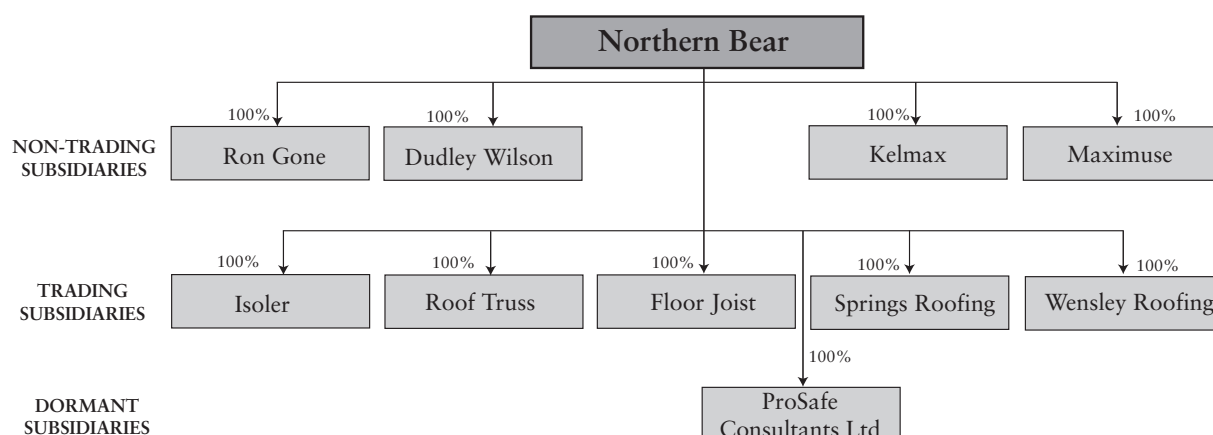
Northern Bear was incorporated in April 2006 and, subsequently, on 30 November 2006 the Company was re-registered as a PLC. On 6 December 2006 the Company entered into the Share Exchange Agreements to acquire Isoler, Roof Truss, Floor Joist, Springs Roofing and Wensley Roofing. The acquisition of each of those companies is conditional only upon Admission (and will occur immediately upon Admission) but this document has been prepared on the basis that each such acquisition has already been completed.

3. Group Structure

The Group comprises a holding company, Northern Bear, and ten subsidiary companies. Four of these companies are non-trading (and were incorporated to act as the holding companies of the four Acquired Subsidiaries) and the fifth is dormant. Of the five trading companies, four were existing companies which have been acquired (the Acquired Subsidiaries) and the fifth, Floor Joist, was incorporated on 9 May 2006.

Each Group Company operates with a degree of autonomy, continuing to run its own administrative and accounting functions. The Group's head office controls strategy, policy, overall financial planning and consolidates the Group Companies' accounts.

The chart below shows the Group structure immediately following Admission:



4. Corporate strategy

The Directors' objective is to continue to apply the strategy developed by the Founders. This is to acquire mature, owner-managed businesses operating in the building services and materials sector which demonstrate consistent profitability and positive operating cash flow. Preferably, each business will also have a high net profit margin which, the Directors believe, reduces the risks associated with an acquisition. Target businesses will also need to be managed by experienced management who are prepared to make a long term commitment to the business.

With any proposed acquisition it is the intention that some or all of the existing management team will be retained to operate the business and key personnel will be incentivised with a performance related remuneration package and/or share incentives. Vendors who do not remain involved in an acquired business in an executive capacity will, ordinarily, be encouraged to stay with the business on a consultancy basis as the Directors often consider their expertise to be of great assistance.

Northern Bear aims to satisfy the consideration for future acquisitions using a combination of cash and the issue of Ordinary Shares. The Directors believe that this consideration structure should ensure that the vendors have a significant financial interest in the continued progress of the business they have sold and the Group as a whole.

The Directors believe that a growth opportunity for the Group is the need of founders and operators of small, self-contained, profitable businesses to realise all or part of their equity. They also believe that a factor for owners of possible target businesses in deciding whether to accept an offer to dispose of their business is the future of the management team who have, in some cases, been with the business for many years.

The Directors believe the Group is well placed to be able to make further acquisitions of similar businesses to those of the Acquired Subsidiaries by taking advantage of the Directors' industry and professional contacts in the North East of England. In this regard, the Company has secured an option to acquire MGM, a business based in the North East of England which provides a variety of specialist services relating to the refurbishment of commercial and residential property and listed buildings. The MGM Option is exercisable solely at the discretion of Northern Bear. The exercise of the MGM Option is subject to the Company completing a satisfactory due diligence review (which has still to be undertaken) and therefore it is not currently certain that the acquisition of MGM will proceed to completion. Further details of the MGM Option are set out in paragraph 9(r) of Part XV of this document.

5. Principal activities of the Group

Northern Bear

Northern Bear was incorporated to acquire and become the holding company for a group of building services and materials companies based in the North East of England. Northern Bear is responsible for the Group's strategy, and central finance function and for consolidating the Group Companies' results.

The location of the Group's premises will allow an Executive Director to visit each trading subsidiary on a weekly basis.

Isoler

Isoler is a specialist contractor which provides fire protection and noise reduction services to construction companies for their developments in the North East of England. Specified levels of fire protection and noise control are a requirement for new construction and redevelopment projects under the Building Regulations 1991.

Isoler carries out three core activities:

- **Fire Stopping**, through the sealing of cables, pipe work and ducting that passes through the walls, ceilings and floors of fire compartments within a building to prevent the spread of fire from compartment to compartment.
- **Passive Fire Protection**, through the application of specialist fire resistant paint and the enclosing of steel beams with fire resistant boarding.
- **Acoustics**, through the installation of sound insulation between floors and between walls.

Roof Truss

Roof Truss designs and manufactures roof trusses, supplying its clients in the North East of England from a purpose built site.

Roof Truss designs its roof trusses using computer aided design to meet specifications laid down by its clients and other required standards. It supplies roof trusses to three core groups of customers, namely national house builders, builders merchants and small local builders. Roof Truss has demonstrated organic growth in the past four years and has established relationships with a number of key clients.

Springs Roofing

Springs Roofing is a roofing contractor based in the North East of England, specialising in roof slating, tiling and felt roofing. A large proportion of its work is carried out for government agencies and councils with particular emphasis on regeneration projects. Springs Roofing has partnership arrangements with several of its main customers, as well as having preferred contractor status with several others.

Springs Roofing has been a member of the National Federation of Roofing Contractors ("NFRC") for over 20 years. The NFRC is the UK's leading trade association for the roofing industry and is widely known for the high standards of its member companies (which are achieved in part through the operation of a code of practice and a linked complaints procedure). Springs Roofing is also affiliated with the National Federation of Master Builders.

Wensley Roofing

Wensley Roofing provides a range of roofing services for construction projects in the North East of England. Its clients include major national house builders and local authorities. Wensley Roofing also has a division which handles specialist lead work contracts.

Like Springs Roofing, Wensley Roofing is a member of the National Federation of Roofing Contractors and the National Federation of Master Builders. Wensley Roofing is also a member of the Lead Contractors Association ("LCA"), which is responsible for promoting quality standards in lead work. The LCA operates a contractor grading system (relating to standards of workmanship) and has awarded Wensley Roofing with the top grading of 'excellent'.

Wensley Roofing has been awarded Investors in People status and has won several awards including NHBC awards and the Gold Standard in the Construction Skills Certification Scheme.

Floor Joist

Floor Joist designs and manufactures timber engineered floor joists, providing domestic flooring solutions to house builders in the North East of England and was founded in order to complement the other businesses within the Group and in particular that of Roof Truss.

Potential Group Synergies

The Directors believe that each of the businesses within the Group should continue to operate autonomously. Where any synergies exist, these will be explored with caution, having regard for the advantages of keeping each business independent. Due to the fact that the Group is newly formed, the Directors have yet to explore or evaluate any economies of scale relating to greater purchasing power.

6. Financial overview

The Accountants' Reports for the Company and the Group Companies (other than Pro Safe Consultants Limited) are set out in Parts IV to XII of this document. Due to the different financial reporting periods, it is not possible to show annualised performance figures for the Group. However, on a pro-forma basis, the total turnover for the period of their most recent audited annual financial statements of the Acquired Subsidiaries is approximately £12.8 million.

The summary financial information below, which has been extracted without material adjustment from the financial information set out in Parts V to VIII of this document, is for illustrative purposes only and sets out the key financial figures for each of the Acquired Subsidiaries for their last financial year.

<i>Most recent audited annual financial statements⁽¹⁾⁽⁶⁾</i>					
	<i>Isoler</i>	<i>Roof Truss</i>	<i>Springs</i>	<i>Wensley</i>	
	<i>£000</i>	<i>£000</i>	<i>Roofing</i>	<i>Roofing</i>	<i>Total</i>
			<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	1,718	1,525	4,642	4,884	12,769
Operating Profit	182	141	795	626	1,744
Depreciation	16	39	49	54	158
EBITDA⁽²⁾	198	180	844	680	1,902
Adjustments:					
Exiting director ⁽³⁾	50	25	34	—	109
Non-recurring pension ⁽⁴⁾	13	30	—	133	176
Total adjustments	63	55	34	133	285
Adjusted EBITDA⁽²⁾	261	235	878	813	2,187
Adjusted profit after tax ⁽²⁾⁽⁵⁾	173	147	542	585	1,447
<i>Prior period⁽¹⁾⁽⁶⁾</i>					
	<i>Isoler</i>	<i>Roof Truss</i>	<i>Springs</i>	<i>Wensley</i>	
	<i>£000</i>	<i>£000</i>	<i>Roofing</i>	<i>Roofing</i>	<i>Total</i>
			<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	1,832	1,267	3,679	3,976	10,754
Operating Profit	224	195	491	273	1,183
Depreciation	9	15	59	44	127
EBITDA⁽²⁾	233	210	550	317	1,310
Adjustments:					
Exiting director ⁽³⁾	64	30	287	—	381
Non-recurring pension ⁽⁴⁾	13	3	—	80	96
Total adjustments	77	33	287	80	477
Adjusted EBITDA⁽²⁾	310	243	837	397	1,787
Adjusted profit after tax ⁽²⁾⁽⁵⁾	264	192	645	300	1,401

Notes

- Isoler figures relate to the years ended 31 March 2006 and 2005, Roof Truss figures relate to the years ended 30 June 2005 and 2004, Springs Roofing figures relate to the 11 months ended 31 March 2006 and the year ended 30 April 2005 and Wensley Roofing figures relate to the years ended 31 December 2005 and 2004.
- No adjustment has been made in respect of any central administration cost allocation.
- Adjustments relate to the directors of Isoler, Roof Truss and Springs Roofing, whose employment ceased on acquisition.
- Adjustments relate to non-recurring pension contributions made to directors' personal pension funds.
- Before equity dividends paid. The interest charges included in profit after tax above do not reflect the post-acquisition debt structure of the businesses.
- During the periods presented above, the businesses were private businesses and were operated by directors who were also the major shareholders (save in relation to Isoler, which was acquired by Ron Gone in November 2005).

7. Directors and employees

Board of Directors

Jon Pither, Executive Chairman, aged 72

Mr Pither has experience as a director of both quoted and non-quoted companies. In 1969 Mr Pither joined Amari plc, an engineering and building products company, manufacturing a wide range of building products, and for 19 years, as managing director he helped grow the business until it was acquired by Glynwed International plc in 1988. Subsequently Mr Pither has developed a range of corporate interests, including the chairmanship of Active Capital Trust plc, the deputy chairmanship of Alumasc Group plc and Jourdan plc (both of which operate in the building services and materials sector) as well as holding directorships of a number of other public and private companies.

Graham Forrest, Chief Executive Officer, aged 44

Mr Forrest graduated from Durham University in 1983 and qualified as a Chartered Accountant in 1986. During his business career, he has served on the boards of four separate public companies in roles including chief executive and finance director. He was involved in three of these companies at the IPO stage. Mr Forrest has responsibility for monitoring the Group's businesses and is instrumental in delivering the Group's growth strategy.

Steve Roberts, Interim Finance Director, aged 40

Mr Roberts qualified as a Chartered Accountant with KPMG in 1991. He has worked in corporate finance since 1992. Mr Roberts joined McInnes Corporate Finance Limited as a partner in 1996 and has acted as lead advisor on many small cap transactions. As Interim Finance Director he will have overall responsibility for financial planning and control within the Group.

Roy Stanley, Non-executive Director, aged 55

Mr Stanley holds an MBA from Newcastle University. He was a director of the SEV Group Limited, from 1995 to 1996. He then spent three years as director of Express Engineering Group, a post he held until 1999. In 1999 he founded Tanfield Group PLC. From 2000 to 2003, Mr Stanley was Chief Executive of Comeleon plc, a digital imaging company, which was taken from start-up to a listing on AIM. Comeleon was subsequently acquired by Tanfield Group PLC in 2003 by way of a reverse takeover.

Mr Stanley will sit on the remuneration and audit committees.

Marcus Yeoman, Non-executive Director, aged 43

Mr Yeoman has 20 years experience as a director of small companies. He is currently a non-executive director of Enterprise North PLC and Bright Futures Plc as well as holding directorships of a number of private companies who have engaged him principally to assist them with their growth strategies.

Mr Yeoman will sit on the remuneration and audit committees.

The Executive Directors' and non-executive directors' service contracts and agreements for services are summarised in paragraph 7(i) of Part XV.

The Board believes that the Group does not currently require a full time finance director. However, the Board recognises that as a result of the requirements of being a public company and the anticipated expansion of the Group the duties undertaken by the finance department will become more onerous. Therefore, it is the Board's intention to appoint a full time finance director within the next 8 months. It is also the Board's intention to appoint an additional non-executive director following Admission.

Senior management of the Group Companies

Northern Bear

Wendy Edgell, Group Financial Controller, aged 47

Mrs Edgell qualified as an accounting technician in 1990 and also holds a diploma in management from the Institute of Supervisory Management. She has a number of years'

experience in similar roles in both private and publicly quoted companies and will take responsibility for the standardisation and consolidation of reporting within the Group. Mrs Edgell reports directly to Mr Forrest and Mr Roberts.

Isoler

John Gilstin, Managing Director, aged 55

Mr Gilstin has 25 years experience in the fire protection industry and was the co-founder of Isoler. Mr Gilstin held a management role with Isoler until it was acquired by Ron Gone in November 2005, following which he was appointed as managing director.

Roof Truss and Floor Joist

Kevin Gray, Managing Director, aged 49

Mr Gray has been a director of Roof Truss since 1997, having previously worked as a contracts manager at a local firm of builders. Mr Gray was appointed as the managing director of Roof Truss following its acquisition by Dudley Wilson.

Since its formation in 2006, Mr Gray has held the position of managing director of Floor Joist. Contacts with customers and suppliers of Roof Truss have enabled him to establish this business from an adjoining site to that occupied by Roof Truss.

Springs Roofing

Keith Muldoon, Managing Director, aged 44

Mr Muldoon was the contracts manager of Springs Roofing for 14 years and has been a director since 1995. He was appointed as the managing director of Springs Roofing following its acquisition by Kelmax in 2006. He has over 18 years of experience in the roofing industry and is now the principal point of contact for the majority of Springs Roofing's customers.

Wensley Roofing

Keith Soulsby, Managing Director, aged 50

Mr Soulsby has over 30 years experience in the roofing industry and founded Wensley Roofing in 1986. He is a fellow of the Institute of Roofing and has served on a regional committee of the National Federation of Roofing Contractors. Following the acquisition by Maximuse, Mr Soulsby continues to run Wensley Roofing as managing director.

Employees

At the date of this document, the Group has 193 employees, all of whom are based in the UK.

8. Employee Share Option Schemes

The Directors believe that the Group's success will be dependent to a significant degree on the quality and loyalty of its employees. To assist in the recruitment, retention and motivation of high quality employees the Group must have an effective remuneration package. The Directors consider that an important part of this package is the ability to award equity incentives and, in particular, share options to key employees.

The Company has adopted Share Option Schemes to assist in the retention, recruitment and motivation of key employees. It has also granted options to certain existing key employees. Details of the Share Option Schemes and the options granted are set out in paragraph 4 of Part XV of this document.

9. Corporate governance

The Directors recognise the importance of good corporate governance and will, in so far as is practicable given the Company's size and the constitution of its Board, comply with the main provisions of the corporate governance guidelines for companies whose securities are admitted to trading on AIM produced by the Quoted Companies Alliance.

Accordingly, the Group has appointed two independent non-executive directors and has established remuneration and nomination committees and an audit committee.

The responsibilities of these committees are described below:

Audit committee

This committee will receive and review reports on the financial management of the Group and the assessment of operational risks. To the extent practicable, given the size and development of the Group, the recommendations of the Combined Code will be complied with. The members of this committee will be Mr Stanley and Mr Yeoman with the executive directors in attendance as required. Submissions to the committee will be from management and the Group's auditors to whom the committee will have unrestricted access. Mr Stanley will act as Chairman of the audit committee.

Remuneration committee

This committee will consider the remuneration of the executive directors together with the terms of their service contracts. The committee will then make recommendations to the Board regarding the remuneration of employees and directors. Finally, the committee will approve the issue of options under the Share Option Scheme. The members of the remuneration committee will be Mr Stanley and Mr Yeoman. Mr Stanley will act as chairman of the remuneration committee.

Nominations committee

The role of the nominations committee will be undertaken by the whole board and will be chaired by Mr Pither. The nominations committee will consider the selection and re-appointment of directors. It will identify and nominate candidates to fill board vacancies and review the structure, size and composition of the Board.

10. Reasons for Admission, the Placing and use of Funds

The Board believe that Admission to AIM will raise the profile of the Group, helping to attract future acquisition targets, as well as providing acquisition currency for future deals and liquidity in the Ordinary Shares.

The equity incentives offered under the Share Options Schemes should also help the Group attract and retain experienced staff.

The estimated net proceeds of the Placing after expenses will be approximately £1.52 million. The Company plans to use the majority of the funds raised from the Placing and to which it is entitled to progress its current acquisition policy and the Board also intends to use a proportion of the funds to pay off the deferred consideration from the acquisitions of the Acquired Subsidiaries.

11. Dividend policy

The Board intends to implement a progressive dividend policy and, subject to there being no unforeseen circumstances, intends to pay an initial dividend in September 2008.

12. Pro forma statement of net assets

The unaudited pro forma statement of net assets of the Group set out in Part XIII has been prepared to illustrate the effect on the consolidated net assets of the Group had the Placing and Admission taken place on 31 March 2006. The unaudited pro forma statement of net assets, because of its nature, addresses a hypothetical situation and therefore may not give a true picture of the actual financial position of the Group on Admission.

The pro forma statement of net assets is based on the audited financial statements of the Acquired Subsidiaries, Ron Gone and Dudley Wilson for the period ended 31 March 2006, the audited financial statements of Kelmax and Maximuse for the periods ended 31 August 2006 and adjusted for items disclosed in the notes to Part XIV of this document.

13. Details of the Placing, Admission and dealing arrangements

The Placing comprises 2,751,133 Ordinary Shares at the Placing Price of 88p per Ordinary Share. The Placing Shares will represent approximately 24.36 per cent. of the Enlarged Share Capital.

Further details of the Placing Agreement are set out in paragraph 10 of Part XV of this document. The Placing is conditional upon the Company raising a minimum of £2 million gross, Admission becoming effective by 19 December 2006 (or such other date as may be agreed between the Company and DDCF, being not later than 27 December 2006) and the Placing Agreement becoming unconditional in all other respects.

Application has been made to the London Stock Exchange for the whole of the ordinary share capital of the Company (issued and to be issued pursuant to the Placing and the Share Exchange Agreements) to be admitted to trading on AIM. It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on AIM on 19 December 2006. Settlement of dealings from that date will be on a three day rolling basis. Prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on AIM on 13 December 2006. The earliest date for settlement of such dealings will be 19 December 2006. All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a “conditional basis”, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. These dates and times may be changed. Each investor will be required to undertake to pay the Placing Price for the Ordinary Shares sold or issued to such investor, in such manner as shall be directed by DDCB. It is expected that Ordinary Shares allocated to investors in the Placing will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST account shall be at the risk of the person concerned.

14. Share dealing code

The Company has adopted, with effect from Admission, a share dealing code for its directors and certain employees which is based on the model code set out in the Listing Rules of the UKLA, amended as appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules). The Company will take all reasonable steps to ensure compliance by its Directors and relevant employees.

15. Lock-in and orderly market arrangements

Under the terms of the Placing Agreement, each of the Directors has undertaken that he will not (and will procure, in so far as he is able, that any person with whom he is connected will not) dispose of any interest in Ordinary Shares held by them or their associates for a period of one year from the date of Admission, save in limited circumstances (such as a takeover offer for the Company being made). For a further twelve months after the expiry of such period, any disposal of their Ordinary Shares will be made with the consent (not to be unreasonably withheld) of DDCF and through DDCB (for so long as it continues to be the Company’s broker) in order to preserve an orderly market in the Ordinary Shares.

These restrictions shall not apply to any sale of Ordinary Shares by Jon Pither through DDCB pursuant to which the aggregate gross sale proceeds shall not exceed £400,000, the timing of such sale to be agreed between Jon Pither and DDCB, DDCB’s agreement not to be unreasonably withheld or delayed.

Certain other significant shareholders have undertaken not to dispose of any interest in Ordinary Shares held by them or their associates for a period of one year from the date of Admission, save in limited circumstances (such as a takeover offer for the Company being made). For a further twelve months after the expiry of such period, any disposal of their Ordinary Shares will be made with the consent (not to be unreasonably withheld) of DDCF and through DDCB for so long as it continues to be the Company’s broker in order to preserve an orderly market in the Ordinary Shares.

Further details of the lock-in arrangements are set out in paragraph 9(v) and 10 of Part XV of this document.

16. CREST trading in Ordinary Shares

The Company’s articles of association permit it to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system and application will be made by the Company for the Ordinary Shares issued on Admission

to be admitted to CREST. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and instruments of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

17. Controlling Shareholders

Mr Pither, the executive chairman, and Mr Forrest, the chief executive officer of Northern Bear, between them control 5,109,928 Ordinary Shares in Northern Bear, which following the Placing will together represent 45.25 per cent. of the Enlarged Share Capital. As such, Mr Pither and Mr Forrest will have effective control of Northern Bear following the Placing.

The Board of Northern Bear (excluding Messrs Forrest and Pither) is satisfied that the Group is capable of carrying on its business independently of Mr Forrest and Mr Pither and that all transactions and relationships between Northern Bear on the one hand and Mr Pither or Mr Forrest on the other hand are and will continue to be at arms length and on a normal commercial basis.

18. Taxation

The attention of investors is drawn to the information contained in Part III of this document.

19. Additional Information

The attention of investors is drawn to the information contained in Part XV of this document which provides additional information on the Group.

PART III

Taxation

The statements set out below are intended only as a general guide to certain aspects of current United Kingdom tax law and practice and apply only to certain Shareholders. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding Ordinary Shares. Prospective acquirers of Ordinary Shares are advised to consult their own tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares. This summary is based on UK law and HM Revenue and Customs practice which may be subject to change perhaps with retrospective effect.

The statements are not applicable to all categories of Shareholders, and in particular are not addressed to (i) Shareholders who do not hold their Ordinary Shares as capital assets, (ii) Shareholders who own (or are deemed to own) 10 per cent. or more of the voting power of the Company, (iii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies and investment companies, (iv) Shareholders who hold Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise) or (vi) Shareholders who are not resident or ordinarily resident in the UK for tax purposes (unless express reference is made to non-UK resident Shareholders). Any person who is in any doubt as to his tax position, or who is subject to taxation in any jurisdiction other than the UK, should consult his professional advisers immediately.

On issue, the Ordinary Shares will not be treated as either “listed” or “quoted” securities for tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a “recognised stock exchange” (which for these purposes does not include OFEX and AIM) and assuming that the Company is a trading company or the holding company of a trading company for UK tax purposes, the Ordinary Shares should be treated as unquoted securities qualifying for certain reliefs from UK taxation.

The following is a summary of certain UK tax consequences of the ownership of the Ordinary Shares for Shareholders who are resident in the UK, as well as Shareholders who are not resident in the UK, and may not apply to certain classes of persons (including, in particular, dealers in securities and financial institutions). It assumes that the persons referred to in this section are beneficially entitled to the Ordinary Shares as an investment. It does not purport to be a complete analysis of all the potential tax effects relevant to a decision to invest in the Ordinary Shares and prospective investors are urged to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Ordinary Shares based upon their own circumstances.

Dividends – UK resident Shareholders.

Under current UK tax legislation no UK tax will be withheld from any dividend paid by the Company.

An individual Shareholder who is resident in the UK (for the purposes of UK tax law) is currently generally entitled to a tax credit in respect of a dividend received. Since April 1999 the tax credit for an individual Shareholder has been 10 per cent. of the aggregate of the dividend plus the related tax credit. Tax credits are no longer repayable by HM Revenue & Customs to individual Shareholders who are not liable to income tax in respect of their dividend income. Individual Shareholders whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their dividend income. This means that the tax credit continues to satisfy their income tax liability in respect of dividends. Individuals who pay tax at the higher rate should pay income tax on the dividend plus the tax credit at a rate equal to what is to be known as the dividend rate (currently 32.5 per cent. – this is an effective rate of 25 per cent. of the net dividend received). Individuals who pay income tax at the dividend rate will be able to set off the tax credit against the liability to income tax.

The trustees of certain trusts may also have further tax to pay on dividends. Specific taxation advice should be sought by trustees. UK resident corporate Shareholders, subject to certain very limited exceptions, are not liable to UK corporation tax in respect of dividends received from the Company.

Pension funds and most UK corporate Shareholders are not, however, entitled to claim a refund of tax credits from HM Revenue & Customs.

Taxation of dividends for non-UK resident Shareholders

Subject to special provisions which apply to Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands, nationals of a State of the European Economic Area and certain others, the right of a Shareholder not resident in the UK for tax purposes to the benefit of a tax credit in respect of a dividend received and to claim payment of any part of the tax credit in respect of a dividend received will depend, in general, on the existence and terms of any double tax convention or agreement between the UK and the country in which the Shareholder is resident. Shareholders who are not resident in the UK for tax purposes should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if they are so entitled, the procedure for doing so.

Taxation of capital gains for UK resident Shareholders

A disposal of all or part of the Ordinary Shares by a person who is resident or ordinarily resident in the UK for tax purposes may give rise to a liability to taxation on chargeable gains ("CGT") depending on individual circumstances. Individuals, personal representatives and trustees may be entitled to taper relief which may operate to reduce the chargeable gains subject to CGT. Companies are not entitled to taper relief, but are entitled to indexation relief, which may reduce the taxable chargeable gains. Indexation relief cannot be used to create or increase a loss. There are provisions contained in the Finance Act 2002 which operate to remove certain gains (or losses) from the scope of taxation of chargeable gains for UK companies, who dispose of shares, where such shares constitute part of a substantial holding (defined as at least 10 per cent. of the ordinary share capital) in a company subject to a number of conditions.

UK stamp duty and stamp duty reserve tax

Except in relation to depository receipt arrangements and clearance systems, where special rules apply:

- (i) no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue and allotment of Ordinary Shares by the Company.
- (ii) the conveyance or transfer on sale of Ordinary Shares following the allotment of shares and issue of the definitive share certificate will normally be subject to stamp duty at a rate of 0.5 per cent. of the amount of value of the consideration paid for the conveyance or transfer rounded up to the nearest £5. Where an agreement to purchase Ordinary Shares is not, before the seventh day of the month following the month in which the agreement was entered into (extended to 60 days from the date of the agreement by a concession from the HM Revenue and Customs), completed by a duly stamped transfer in favour of the purchaser, a charge to SDRT will arise at a rate of 0.5 per cent. of the amount of value of the consideration. The system of rounding up to the nearest £5 does not apply to SDRT. Any SDRT paid can be reclaimed if a duly stamped instrument is entered into within six years of the agreement and the appropriate stamp duty paid (although if this does not take place within the 60 day period referred to above, a liability to interest and penalties may arise.
- (iii) where the sale transaction takes place in CREST, generally SDRT will be automatically deducted and no stamp duty will arise.
- (iv) UK stamp duty and stamp duty reserve tax apply to UK resident and to non-UK resident Shareholders in the manner set out above.

UK Inheritance Tax

The value of the Ordinary Shares will form part of an individual Shareholder's estate for UK inheritance tax purposes. Individual Shareholders who are domiciled or are deemed to be domiciled in the UK for inheritance tax purposes may, subject to certain exemptions and reliefs, be liable to UK inheritance tax on a gift of the shares in lifetime or as part of their estate on death.

IHT business property relief at 100 per cent. is available to Shareholders of certain qualifying companies after the shares have been held for a minimum of two years. Based on the current IHT legislation the Company consider that at the time of the Ordinary Shares should qualify for 100 per cent. BPR but prospective investors should not rely on this and should consult their own tax advisers to confirm the availability of this relief.

Venture Capital Trusts (“VCT”)

The Company has received provisional clearance from HM Revenue & Customs that the Company is a qualifying company and that the Placing Shares will comply with the provisions of schedule 28B to the Income and Corporation Taxes Act 1988 and will be a qualifying under that schedule.

Whilst the Company cannot guarantee to conduct its activities in a way to allow it to maintain its status as a qualifying VCT investment, the Directors intend, as far as possible, to do so. Subsequent conditions placed on the Company may affect its qualifying status.

Enterprise Investment Scheme (“EIS”)

The Company has received provisional clearance from HM Revenue & Customs that the Company is a qualifying company for EIS purposes, and the Placing Shares will be eligible shares. The Placing Shares should therefore be eligible for income tax relief at a rate of 20 per cent. in respect of investment in the Placing Shares up to a maximum investment of £400,000 when aggregated with other qualifying EIS investments in the same year.

Provided that the individual subscribers hold their shares for at least three years and that the relevant conditions are met by individual subscribers and the Company throughout that period, the ultimate disposal of the Placing Shares by the individual subscriber should be exempt from capital gains tax, on those shares which qualify for income tax relief (assuming that income tax relief has not been withdrawn).

Qualifying individuals and certain trusts with gains arising from the disposal of any asset in the three years prior to, or the one year following the subscription for the Placing Shares may be able to defer a charge to capital gains tax on that gain until such time as the Placing Shares are disposed of if certain conditions are met.

For Shareholders who are individuals or trustees and who do not qualify for capital gains tax exemption under the EIS rules on all of their Shares, taper relief should apply to a chargeable gain on a disposal depending on the length of ownership so that the effective rate of capital gains tax is reduced the longer the Ordinary Shares are held. The Company anticipates that it will be a trading company for taper relief purposes and thus that any part of the gain that is not exempt under the EIS rules will qualify for business asset taper relief.

For corporate Shareholders an indexation allowance (not taper relief) will be available on a disposal in respect of the subscription cost of the Ordinary Shares. Indexation allowance cannot be used to create or increase a loss for tax purposes.

Investors considering taking advantage of any reliefs under EIS or available to VCTs should seek their own professional advice in order that they fully understand how the rules apply in their individual circumstances. The Directors give no undertaking that either EIS or VCT relief will, in fact be available to investors in the Placing.

PART IV

Accountants' Report on Northern Bear

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le-Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Northern Bear PLC (formerly Northern Bear Limited) for the month ended 30 April 2006

Northern Bear PLC (formerly Northern Bear Limited) ('the Company')

We report on the financial information set out on pages 22 to 25. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 4.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 4.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 4.1 and in accordance with the applicable financial reporting framework as described in note 4.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of the Company for the month ended 30 April 2006

The financial information set out below of the Company for the month ended 30 April 2006 has been prepared by the directors of the Company on the basis set out in note 4.1.

1. Profit and loss accounts

for the month ended 30 April 2006

During the period from incorporation, 13 April 2006 to the period end 30 April 2006 the Company did not trade and received no income and incurred no expenditure. During this period the Company made neither a profit nor a loss and had no other recognised gains or losses.

2. Balance sheets

at 30 April 2006

	Notes	2006 £
Current assets		
Cash at bank and in hand		1
Net assets		<u>1</u>
Capital and reserves		
Called up share capital	4.2	1
Shareholders' funds		<u>1</u>

3. Reconciliation of movement in shareholders' funds

for the month ended 30 April 2006

	2006 £
Profit for the financial period	—
New share capital subscribed	1
	<u>1</u>
Opening equity shareholders' funds	—
Closing equity shareholders' funds	<u>1</u>

4.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered immaterial in relation to the financial information of the Company.

Basis of preparation

The financial information has been prepared under the historical cost conventions and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the 1 month period ended 30 April 2006.

4.2 Called up share capital

	2006 £
<i>Authorised</i>	
Ordinary shares of £1 each	100
	<hr/> 100
	2006 £
<i>Allotted, called up and fully paid</i>	
Ordinary shares of £1 each	1
	<hr/> 1
	<hr/>

4.3 Related party disclosure

The Company is controlled by its board of directors.

PART V

Accountants' Report on Isoler

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le-Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Isoler Limited for the three years ended 31 March 2006

Isoler Limited ('Isoler')

We report on the financial information set out on pages 26 to 36. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Isoler as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with the applicable financial reporting framework as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Isoler for the three years ended 31 March 2006

The financial information set out below of Isoler for the three years ended 31 March 2006 has been prepared by the directors of Isoler on the basis set out in note 6.1.

1. Profit and loss accounts

for the three years ended 31 March 2006

	<i>Notes</i>	2004 £000	2005 £000	2006 £000
Turnover	6.2	1,762	1,832	1,718
Cost of sales		(1,196)	(1,232)	(1,175)
Gross profit		566	600	543
Administrative expenses		(343)	(376)	(361)
Other operating income		—	—	—
Operating profit	6.3-6.5	223	224	182
Other interest receivable and similar income	6.6	3	6	6
Interest payable and similar charges	6.7	—	—	(23)
Profit on ordinary activities before taxation		226	230	165
Tax on profit on ordinary activities	6.8	(45)	(43)	(55)
Profit on ordinary activities after taxation	6.16	181	187	110

Isoler has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

The results of Isoler derive from continuing operations.

2. Balance sheets

at 31 March

	<i>Notes</i>	2004 £000	2005 £000	2006 £000
Fixed assets				
Tangible assets	6.10	<u>67</u>	<u>68</u>	<u>52</u>
Current assets				
Stocks	6.11	64	101	5
Debtors	6.12	441	529	867
Cash at bank and in hand		<u>125</u>	<u>151</u>	<u>79</u>
		630	781	951
Creditors: amounts falling due within one year	6.13	<u>(237)</u>	<u>(218)</u>	<u>(258)</u>
Net current assets		<u>393</u>	<u>563</u>	<u>693</u>
Total assets less current liabilities		460	631	745
Provisions for liabilities and charges	6.14	<u>—</u>	<u>—</u>	<u>(4)</u>
Net assets		<u><u>460</u></u>	<u><u>631</u></u>	<u><u>741</u></u>
Capital and reserves				
Called up share capital	6.15	—	—	—
Profit and loss account	6.16	<u>460</u>	<u>631</u>	<u>741</u>
Shareholders' funds		<u><u>460</u></u>	<u><u>631</u></u>	<u><u>741</u></u>

3. Cash flow statements

for the three years ended 31 March 2006

	<i>Notes</i>	2004 £000	2005 £000	2006 £000
Cash flow from operating activities	6.19	175	103	432
Returns on investment and servicing of finance		3	7	(14)
Taxation		(62)	(45)	(43)
Capital expenditure and financial investment		(20)	(23)	(2)
Equity dividends paid		<u>(199)</u>	<u>(16)</u>	<u>—</u>
Cash inflow/(outflow) before financing		(103)	26	373
Financing		<u>—</u>	<u>—</u>	<u>(445)</u>
Increase/(decrease) in cash in the year		<u><u>(103)</u></u>	<u><u>26</u></u>	<u><u>(72)</u></u>

4. Reconciliation of net cash flow to movement in net funds/(debt)

for the three years ended 31 March 2006

	Notes	2004 £000	2005 £000	2006 £000
Increase/(decrease) in cash in the year		(103)	26	(72)
Cash flow movement in net debt		—	—	445
Movement in net funds/(debt) in the year		(103)	26	373
Net funds/(debt) at beginning of year		228	125	151
Net funds/(debt) at end of year	6.20	<u>125</u>	<u>151</u>	<u>524</u>

5. Reconciliation of movement in shareholders' funds

for the three years ended 31 March 2006

	2004 £000	2005 £000	2006 £000
Profit for the financial year	181	187	110
Dividends	(199)	(16)	—
	(18)	171	110
Opening equity shareholders' funds	478	460	631
Closing equity shareholders' funds	<u>460</u>	<u>631</u>	<u>741</u>

6. Notes

(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Isoler.

Basis of preparation

The financial information has been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the years ended 31 March 2006, 31 March 2005 and 31 March 2004.

Turnover

Turnover comprises goods and services exclusive of value added tax relating to Isoler's principal activity, fire protection and noise reduction services.

Tangible fixed operating assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	—	5% on reducing balance
Plant and machinery	—	15% on reducing balance
Motor vehicles	—	25% on reducing balance
Computer equipment	—	33% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

Isoler operated a defined contribution scheme. The assets of the scheme are held separately from those of Isoler in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of Isoler. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

6.2 Turnover

All turnover is derived in the United Kingdom.

6.3 Profit on ordinary activities before taxation

	2004 £000	2005 £000	2006 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>			
Depreciation			
– Owned	18	9	16
Loss on disposal of fixed assets	1	3	3
Auditors' remuneration:			
– as auditors	3	3	5
– other services	—	—	6
Hire of land and buildings			
– rentals payable under operating leases	9	9	9
Hire of other assets			
– operating leases	37	35	13
	<u>37</u>	<u>35</u>	<u>13</u>

6.4 Remuneration of directors

	2004 £000	2005 £000	2006 £000
Directors' emoluments	61	64	86
Contributions to money purchase pension schemes	27	13	13
Amounts paid to third parties in respect of directors' services	—	—	3
	<u>88</u>	<u>77</u>	<u>102</u>
Emoluments of highest paid director:			
Total emoluments (excluding pension contributions)	61	64	50
Value of company pensions contributions to money purchase schemes	27	13	7
	<u>88</u>	<u>77</u>	<u>57</u>

The directors who held office at the end of the financial year had the following interests in the shares of Isoler:

	Class of share	2004	2005	2006
		Number of shares		
E Hall	Ordinary	50	50	n/a
R Hall	Ordinary	50	50	n/a
G Forrest	Ordinary	n/a	n/a	—
J Gilstin	Ordinary	n/a	n/a	—

6.5 Staff numbers and costs

The average number of persons employed by Isoler (including directors) during the three years ended 31 March 2006, analysed by category, was as follows:

	2004	2005	2006
	Number of employees		
Production	30	30	25
Administrative	6	6	4
	<u>36</u>	<u>36</u>	<u>29</u>

The aggregate payroll costs of these persons were as follows:

	2004	2005	2006
	£000	£000	£000
Wages and salaries	765	832	830
Social security costs	87	86	87
Other pension costs	52	35	39
	<u>904</u>	<u>953</u>	<u>956</u>

6.6 Interest receivable and similar income

	2004	2005	2006
	£000	£000	£000
Bank interest	<u>3</u>	<u>6</u>	<u>6</u>

6.7 Interest payable and similar charges

	2004	2005	2006
	£000	£000	£000
On bank loans and overdrafts	<u>—</u>	<u>—</u>	<u>23</u>

6.8 Tax on profit on ordinary activities

Analysis of charge in period:

	2004	2005	2006
	£000	£000	£000
<i>UK corporation tax</i>			
Current tax on income for the year	45	43	51
Adjustment in respect of prior periods	<u>—</u>	<u>—</u>	<u>—</u>
<i>Total current tax</i>	<u>45</u>	<u>43</u>	<u>51</u>
<i>Deferred tax</i>			
Origination of timing differences	<u>—</u>	<u>—</u>	<u>4</u>
<i>Total deferred tax</i>	<u>—</u>	<u>—</u>	<u>4</u>
Tax on profit on ordinary activities	<u>45</u>	<u>43</u>	<u>55</u>

6.8 Tax on profit on ordinary activities continued

Factors affecting the tax charge for the current year

The current tax charge for 2006 is higher (2005: lower, 2004: lower) than the standard rate of corporation tax in the UK 30 per cent. (2005: 30%, 2004: 30%). The differences are explained below.

	2004 £000	2005 £000	2006 £000
Current tax reconciliation			
Profit on ordinary activities before tax	226	230	164
Current tax at 30% (2005: 30%, 2004: 30%)	68	69	49
<i>Effects of:</i>			
Expenses not deductible for tax purposes	3	1	5
Depreciation in excess of capital allowances	(1)	(2)	1
Marginal relief	(25)	(25)	(4)
Total current tax charge (see above)	45	43	51

6.9 Dividends

Dividends on equity shares:

	2004 £000	2005 £000	2006 £000
Dividends paid	199	16	—

6.10 Tangible fixed assets

	Computer equipment £000	Plant & Machinery £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2003	—	18	19	77	114
Additions	5	1	—	14	20
Disposals	—	(2)	—	—	(2)
At 31 March 2004	5	17	19	91	132
Additions	—	—	2	23	25
Disposals	—	—	—	(15)	(15)
At 31 March 2005	5	17	21	99	142
Additions	—	5	2	—	7
Disposals	—	—	—	(14)	(14)
At 31 March 2006	5	22	23	85	135
Depreciation					
At 31 March 2003	—	8	11	29	48
Charge for year	—	1	2	15	18
On disposals	—	(1)	—	—	(1)
At 31 March 2004	—	8	13	44	65
Charge for year	1	1	1	6	9
On Disposals	—	—	—	—	—
At 31 March 2005	1	9	14	50	74
Charge for year	3	3	(1)	11	16
On Disposals	—	—	—	(7)	(7)
At 31 March 2006	4	12	13	54	83
Net book value					
At 31 March 2004	5	9	6	47	67
At 31 March 2005	4	8	7	49	68
At 31 March 2006	1	10	10	31	52

6.11 Stocks

	2004 £000	2005 £000	2006 £000
Raw materials and consumables	<u>64</u>	<u>101</u>	<u>5</u>

6.12 Debtors

	2004 £000	2005 £000	2006 £000
Trade debtors	424	413	403
Other debtors	5	5	1
Prepayments and accrued income	12	6	18
Amounts owed by group undertakings	—	—	445
Directors current account	<u>—</u>	<u>105</u>	<u>—</u>
	<u>441</u>	<u>529</u>	<u>867</u>

Amounts owed by group undertakings represent amounts owed by the parent company, Ron Gone.

6.13 Creditors: amounts falling due within one year

	2004 £000	2005 £000	2006 £000
Trade creditors	53	47	79
Corporation tax	44	43	50
Other taxation and social security	75	78	72
Directors current accounts	21	—	—
Accruals and deferred income	<u>44</u>	<u>50</u>	<u>57</u>
	<u>237</u>	<u>218</u>	<u>258</u>

6.14 Provisions for liabilities and charges

The amounts provided for are set out below:

	Deferred Tax £000
At 1 April 2003	—
Charged in year	<u>—</u>
At 31 March 2004	—
Charged in year	<u>—</u>
At 31 March 2005	—
Charged in year	<u>4</u>
At 31 March 2006	<u>4</u>

The elements of deferred taxation are as follows:

	2004 £000	2005 £000	2006 £000
Difference between accumulated depreciation and capital allowances	5	5	4
Other timing differences	<u>—</u>	<u>—</u>	<u>—</u>
Deferred tax liability – provided	<u>—</u>	<u>—</u>	<u>4</u>
Deferred tax liability – unprovided	<u>5</u>	<u>5</u>	<u>—</u>

6.15 Called up share capital

	2004 £	2005 £	2006 £
<i>Authorised</i>			
Ordinary shares of £1 each	5,000	5,000	5,000
'A' ordinary shares of £1 each	5,000	5,000	5,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>			
Ordinary shares of £1 each	100	100	100
'A' ordinary shares of £1 each	200	200	200
	<u>300</u>	<u>300</u>	<u>300</u>

6.16 Profit and loss account

	2004 £000	2005 £000	2006 £000
At beginning of period	478	460	631
Retained profit for the period	181	187	110
Dividends	(199)	(16)	—
At end of period	<u>460</u>	<u>631</u>	<u>741</u>

6.17 Pension scheme

Isoler operates a defined contribution pension scheme for its employees.

6.18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004 £000	2005 £000	2006 £000
Operating leases which expire:			
Within one year	8	7	5
In the second to fifth years inclusive	19	17	—
	<u>27</u>	<u>24</u>	<u>5</u>

6.19 Reconciliation of operating profit to operating cash flows

	2004 £000	2005 £000	2006 £000
Operating profit	223	224	182
Depreciation & loss on disposal of fixed assets	18	22	18
Increase/(decrease) in stocks	(60)	(38)	96
Increase/(decrease) in debtors	27	(89)	107
Increase/(decrease) in creditors	(33)	(16)	29
Cashflow from operating activities	<u>175</u>	<u>103</u>	<u>432</u>

6.20 Net funds is comprised of

	2004 £000	2005 £000	2006 £000
Cash at bank	125	151	79
Loan to parent company	—	—	445
Net funds	<u>125</u>	<u>151</u>	<u>524</u>

6.21 Ultimate parent company

On 9 November 2005 the entire share capital of Isoler was acquired by Ron Gone, a company registered in the UK.

Isoler is controlled by its board.

PART VI

Accountants' Report on Roof Truss

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le-Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of The Roof Truss Company (Northern) Limited for the three years ended 30 June 2005 and 9 months ended 31 March 2006

The Roof Truss Company (Northern) Limited ('Roof Truss')

We report on the financial information set out on the pages 37 to 48. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Roof Truss as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with the applicable financial reporting framework as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Roof Truss for the three years ended 30 June 2005 and 9 months ended 31 March 2006

The financial information set out below of Roof Truss for the three years ended 30 June 2005 and 9 months ended 31 March 2006 has been prepared by the directors of Roof Truss on the basis set out in note 6.1.

1. Profit and loss accounts

for the three years ended 30 June 2005 and 9 months ended 31 March 2006

		2003	2004	2005	2006
		12 months	12 months	12 months	9 months
	Notes	£000	£000	£000	£000
Turnover	6.2	974	1,267	1,525	1,093
Cost of sales		(696)	(940)	(1,141)	(800)
Gross profit		278	327	384	293
Distribution costs		(36)	(34)	(56)	(41)
Administrative expenses		(164)	(159)	(204)	(146)
Other operating income		1	61	17	—
Operating profit	6.2-6.5	79	195	141	106
Other interest receivable and similar income	6.6	—	1	1	—
Interest payable and similar charges	6.7	(18)	(15)	(29)	(28)
Profit on ordinary activities before taxation		61	181	113	78
Tax on profit on ordinary activities	6.8	(11)	(22)	(21)	(48)
Profit on ordinary activities after taxation		50	159	92	30

Roof Truss has no recognised gains or losses other than those shown above and therefore no separate statement of total gains and losses has been presented.

The results of Roof Truss derive from continuing operations.

2. Balance sheets

at 30 June 2003, 30 June 2004, 30 June 2005 and 31 March 2006

	Notes	2003 £000	2004 £000	2005 £000	2006 £000
Fixed assets					
Tangible assets	6.10	385	962	1,058	1,021
Investments		<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>
		<u>396</u>	<u>973</u>	<u>1,069</u>	<u>1,032</u>
Current assets					
Stocks	6.11	22	9	26	26
Debtors	6.12	205	291	236	829
Cash at bank and in hand		<u>15</u>	<u>50</u>	<u>1</u>	<u>1</u>
		242	350	263	856
Creditors: amounts falling due within one year	6.13	<u>(349)</u>	<u>(446)</u>	<u>(411)</u>	<u>(598)</u>
Net current assets/(liabilities)		<u>(107)</u>	<u>(96)</u>	<u>(148)</u>	<u>258</u>
Total assets less current liabilities		289	877	921	1,290
Creditors: amounts falling due after more than one year	6.14	(103)	(393)	(330)	(666)
Provisions for liabilities and charges	6.15	<u>—</u>	<u>—</u>	<u>—</u>	<u>(27)</u>
Net assets		<u><u>186</u></u>	<u><u>484</u></u>	<u><u>591</u></u>	<u><u>597</u></u>
Capital and reserves					
Called up share capital	6.16	—	—	—	—
Revaluation reserve		96	271	391	391
Profit and loss account	6.17	<u>90</u>	<u>213</u>	<u>200</u>	<u>206</u>
Shareholders' funds		<u><u>186</u></u>	<u><u>484</u></u>	<u><u>591</u></u>	<u><u>597</u></u>

3. Cash flow statements

for the three years ended 30 June 2005 and the nine months ended 31 March 2006

	Notes	2003 12 months £000	2004 12 months £000	2005 12 months £000	2006 9 months £000
Cash flow from operating activities	6.19	84	241	172	178
Returns on investment and servicing of finance		(18)	(14)	(28)	(27)
Taxation		(3)	(11)	(22)	—
Capital expenditure and financial investment		(31)	(420)	(16)	13
Equity dividends paid		<u>(24)</u>	<u>(36)</u>	<u>(105)</u>	<u>(25)</u>
Cash inflow/(outflow) before financing		8	(240)	1	139
Financing		<u>31</u>	<u>371</u>	<u>(33)</u>	<u>(260)</u>
Increase/(decrease) in cash in the year/period		<u><u>39</u></u>	<u><u>131</u></u>	<u><u>(32)</u></u>	<u><u>(121)</u></u>

4. Reconciliation of net cash flow to movement in net funds/(debt)

for the three years ended 30 June 2005 and the nine months ended 31 March 2006

	Notes	2003 £000	2004 £000	2005 £000	2006 £000
Increase/(decrease) in cash in the year/period		39	131	(32)	(121)
Cash flow movement in net (debt)/funds		<u>(31)</u>	<u>(371)</u>	<u>33</u>	<u>260</u>
Movement in net (debt)/funds in the year/period		8	(240)	1	139
Net debt at beginning of year/period		<u>(245)</u>	<u>(237)</u>	<u>(477)</u>	<u>(476)</u>
Net debt at end of year/period	6.20	<u><u>(237)</u></u>	<u><u>(477)</u></u>	<u><u>(476)</u></u>	<u><u>(337)</u></u>

5. Reconciliation of movement in shareholders' funds

for the three years ended 30 June 2005 and the nine months ended 31 March 2006

		2003 £000	2004 £000	2005 £000	2006 £000
Profit for the financial year/period		50	159	92	30
Dividends		<u>(24)</u>	<u>(36)</u>	<u>(105)</u>	<u>(24)</u>
		26	123	(13)	6
Unrealised surplus on revaluation of freehold property		—	175	120	—
Opening equity shareholders' funds		<u>160</u>	<u>186</u>	<u>484</u>	<u>591</u>
Closing equity shareholders' funds		<u><u>186</u></u>	<u><u>484</u></u>	<u><u>591</u></u>	<u><u>597</u></u>

6. Notes

(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Roof Truss.

Basis of preparation

The financial information has been prepared under the historical cost accounting rules modified to include the revaluation of freehold property, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the 9 month period ended 31 March 2006 and the years ended 30 June 2005, 30 June 2004 and 30 June 2003.

Turnover

Turnover comprises goods and services exclusive of value added tax relating to Roof Truss' principal activity, design and manufacture of roof trusses.

Tangible fixed operating assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	– straight line over 50 years
Plant and machinery	– 15% reducing balance
Fixtures and fittings	– 15% reducing balance
Motor vehicles	– 25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

Roof Truss operated a defined contribution scheme. The assets of the scheme are held separately from those of Roof Truss in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of Roof Truss. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

6.2 Turnover

All turnover is derived in the United Kingdom.

6.3 Profit on ordinary activities before taxation

	2003 £000	2004 £000	2005 £000	2006 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>				
Depreciation				
– owned	8	8	7	6
– leased	12	7	32	16
Loss on disposal of fixed assets	5	4	—	1
Auditors' remuneration:				
– as auditors	—	—	—	5
– other services	—	—	—	6
Hire of plant and machinery				
– rentals payable under operating leases	3	2	5	6
Hire of other assets				
– operating leases	—	—	—	1

6.4 Remuneration of directors

	2003 £000	2004 £000	2005 £000	2006 £000
Directors' emoluments	54	59	57	51
Contributions to money purchase pension schemes	4	3	30	—
	<u>58</u>	<u>62</u>	<u>87</u>	<u>51</u>

Emoluments of highest paid director:

	2003 £000	2004 £000	2005 £000	2006 £000
Total emoluments (excluding pension contributions)	27	29	33	31
Value of company pensions contributions to money purchase schemes	2	2	15	—
	<u>29</u>	<u>31</u>	<u>48</u>	<u>31</u>

The directors who held office at the end of the financial period had the following interests in the shares of the Roof Truss:

	Class of share	2003	2004	2005	2006
			Number of shares		
K Gray	Ordinary	150	150	150	—
RJ Wright	Ordinary	150	150	150	n/a
G Forrest	Ordinary	n/a	n/a	n/a	—

6.5 Staff numbers and costs

The average number of persons employed by Roof Truss (including directors) during the three years ended 30 June 2005 and the nine months ended 31 March 2006, analysed by category, was as follows:

	2003	2004	2005	2006
		Number of employees		
Production	17	19	22	21
Administrative	3	3	3	3
	<u>20</u>	<u>22</u>	<u>25</u>	<u>24</u>

The aggregate payroll costs of these persons were as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Wages and salaries	219	253	311	257
Social security costs	16	2	27	24
Other pension costs	6	5	2	1
	<u>241</u>	<u>260</u>	<u>340</u>	<u>282</u>

6.6 Interest receivable and similar income

	2003 £000	2004 £000	2005 £000	2006 £000
Bank interest	—	1	1	—

6.7 Interest payable and similar charges

	2003 £000	2004 £000	2005 £000	2006 £000
On bank loans and overdrafts	16	14	23	22
Finance charges payable in respect of finance leases and hire purchase contracts	2	1	6	6
	<u>18</u>	<u>15</u>	<u>29</u>	<u>28</u>

6.8 Tax on profit on ordinary activities

Analysis of charge in period:

	2003 £000	2004 £000	2005 £000	2006 £000
<i>UK corporation tax</i>				
Current tax on income for the year	11	22	21	21
Adjustments in respect of prior periods	—	—	—	—
<i>Total current tax</i>	<u>11</u>	<u>22</u>	<u>21</u>	<u>21</u>
<i>Deferred tax</i>				
Origination of timing differences	—	—	—	27
<i>Total deferred tax</i>	<u>—</u>	<u>—</u>	<u>—</u>	<u>27</u>
Tax on profit on ordinary activities	<u>11</u>	<u>22</u>	<u>21</u>	<u>48</u>

Factors affecting the tax charge for the current year

The current tax charge for 2006 is lower (2005: lower, 2004: lower, 2003: lower) than the standard rate of corporation tax in the UK 30% (2005: 30%, 2004: 30%, 2003: 20%). The differences are explained below.

	2003 £000	2004 £000	2005 £000	2006 £000
<i>Current tax reconciliation</i>				
Profit on ordinary activities before tax	61	181	113	78
Current tax at 30% (2005: 30%, 2004: 30%, 2003: 20%)	12	54	34	24
Effects of:				
Expenses not deductible for tax purposes	—	2	—	1
Capital allowances in excess of depreciation	(1)	(14)	(1)	1
Marginal relief	—	(20)	(12)	(5)
Adjustment to tax charge in respect of previous periods	—	—	—	—
Total current tax charge (see above)	<u>11</u>	<u>22</u>	<u>21</u>	<u>21</u>

6.9 Dividends

Dividends on equity shares:

	2003 £000	2004 £000	2005 £000	2006 £000
Dividends paid	<u>24</u>	<u>36</u>	<u>105</u>	<u>24</u>

6.10 Tangible fixed assets

	Freehold property £000	Plant & Machinery £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 July 2002	350	70	9	61	490
Additions	—	9	2	30	41
Disposals	—	—	—	(37)	(37)
At 30 June 2003	350	79	11	54	494
Additions	255	103	4	79	441
Disposals	—	—	—	(29)	(29)
Revaluation	150	—	—	—	150
At 30 June 2004	755	182	15	104	1,056
Additions	—	—	—	—	—
Disposals	—	—	—	—	—
Revaluation	135	—	—	—	135
At 30 June 2005	890	182	15	104	1,191
Additions	—	—	2	—	2
Disposals	—	—	—	(28)	(28)
At 31 March 2006	890	182	17	76	1,165
Depreciation					
At 1 July 2002	17	46	7	41	111
Charge for year	8	5	1	6	20
On disposals	—	—	—	(22)	(22)
At 30 June 2003	25	51	8	25	109
Charge for year	—	9	—	6	15
On disposals	—	—	—	(5)	(5)
Revaluation adjustment	(25)	—	—	—	(25)
At 30 June 2004	—	60	8	26	94
Charge for year	—	18	1	20	39
Disposals	—	—	—	—	—
At 30 June 2005	—	78	9	46	133
Charge for period	—	11	1	10	22
Disposals	—	—	—	(11)	(11)
At 31 March 2006	—	89	10	45	144
Net book value					
At 30 June 2003	325	28	3	29	385
At 30 June 2004	755	122	7	78	962
At 30 June 2005	890	104	6	58	1,058
At 31 March 2006	890	93	7	31	1,021

Included in the total net book value of fixed assets is £98,000 (2005: £131,000; 2004: £170,000; 2003: £46,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £16,000 (2005: £32,000; 2004: £7,000; 2003: £12,000).

6.10 Tangible fixed assets *(continued)*

The following information relates to assets carried at revalued amounts which have been retained under the transitional provisions set out in FRS 15 *Tangible fixed assets*.

	2003 £000	2004 £000	2005 £000	2006 £000
<i>Land and buildings</i>				
Open market value at beginning and end of period	350	755	890	890
Aggregate depreciation thereon	—	—	—	—
Net book value at beginning and end of period	<u>350</u>	<u>755</u>	<u>890</u>	<u>890</u>
Historical cost of revalued assets at beginning and end of period	350	605	605	605
Aggregate depreciation based on historical cost	—	—	—	—
Historical cost net book value at beginning and end of period	<u>350</u>	<u>605</u>	<u>605</u>	<u>605</u>

6.11 Stocks

	2003 £000	2004 £000	2005 £000	2006 £000
Raw materials and consumables	<u>22</u>	<u>9</u>	<u>26</u>	<u>26</u>

6.12 Debtors

	2003 £000	2004 £000	2005 £000	2006 £000
Trade debtors	204	279	235	203
Amounts owed by group undertakings	—	—	—	622
Prepayments and accrued income	<u>1</u>	<u>12</u>	<u>1</u>	<u>4</u>
	<u>205</u>	<u>291</u>	<u>236</u>	<u>829</u>

Amounts owed by group undertakings represent amounts owed by the parent company, Dudley Wilson.

6.13 Creditors: amounts falling due within one year

	2003 £000	2004 £000	2005 £000	2006 £000
Bank loans and overdrafts	138	91	102	239
Trade creditors	152	263	196	196
Obligations under finance leases and hire purchase contracts	11	42	45	54
Corporation tax	11	22	22	44
Other taxation and social security	24	10	34	27
Accruals and deferred income	13	18	12	29
Amounts owed to group undertakings	—	—	—	9
	<u>349</u>	<u>446</u>	<u>411</u>	<u>598</u>

6.14 Creditors: amounts falling due after more than one year

	2003 £000	2004 £000	2005 £000	2006 £000
Bank loans and overdrafts	95	272	248	629
Obligations under finance leases and hire purchase contracts	8	121	82	37
	<u>103</u>	<u>393</u>	<u>330</u>	<u>666</u>

Analysis of debt:

	2003 £000	2004 £000	2005 £000	2006 £000
Debt can be analysed as falling due:				
In one year or less, or on demand	149	133	147	293
Between one and two years	40	95	112	54
Between two and five years	55	298	218	62
In five years or more	—	—	—	550
	<u>244</u>	<u>526</u>	<u>477</u>	<u>959</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Within one year	11	42	45	54
In the second to fifth years	8	121	82	37
	<u>19</u>	<u>163</u>	<u>127</u>	<u>91</u>

The bank loan bears interest at 1.9% above base rate (currently 4.5%).

The bank loan is secured by a legal charge over the freehold property and by cross-guarantees and debentures between Roof Truss and Dudley Wilson.

6.15 Provisions for liabilities and charges

The amounts provided for are set out below:

	Deferred tax £000
At 1 July 2002	—
Charged in year	—
At 30 June 2003	—
Charged in year	—
At 30 June 2004	—
Charged in year	—
At 30 June 2005	—
Charged in period	27
At 31 March 2006	<u>27</u>

The elements of deferred taxation are as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Difference between accumulated depreciation and capital allowances	—	16	27	27
Deferred tax liability – provided	—	—	—	27
Deferred tax liability – unprovided	—	16	27	—

6.16 Called up share capital

	2003 £	2004 £	2005 £	2006 £
<i>Authorised</i>				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>

6.17 Profit and loss account

	2003 £000	2004 £000	2005 £000	2006 £000
At beginning of period	64	90	213	200
Retained profit for the year	50	159	92	30
Dividends	<u>(24)</u>	<u>(36)</u>	<u>(105)</u>	<u>(24)</u>
At end of period	<u>90</u>	<u>213</u>	<u>200</u>	<u>206</u>

6.18 Pension scheme

Roof Truss operates a defined contribution pension scheme for its employees.

6.19 Reconciliation of operating profit to operating cash flows

	2003 £000	2004 £000	2005 £000	2006 £000
Operating profit	79	195	141	106
Depreciation and loss on disposal of fixed assets	24	19	40	25
(Increase)/decrease in stocks	(2)	11	(17)	—
(Increase)/(decrease) in debtors	(58)	(86)	55	29
Increase/(decrease) in creditors	<u>41</u>	<u>102</u>	<u>(47)</u>	<u>18</u>
	<u>84</u>	<u>241</u>	<u>172</u>	<u>178</u>

6.20 Net debt is comprised of

	2003 £000	2004 £000	2005 £000	2006 £000
Cash at bank	15	50	1	1
Loans to parent company	—	—	—	622
Bank overdraft	(96)	—	(75)	(222)
Bank loan	(136)	(364)	(275)	(647)
Finance leases	<u>(20)</u>	<u>(163)</u>	<u>(127)</u>	<u>(91)</u>
Net debt	<u>(237)</u>	<u>(477)</u>	<u>(476)</u>	<u>(337)</u>

6.21 Ultimate parent company

On 22 December 2005 the entire share capital of Roof Truss was acquired by Dudley Wilson, a company registered in the UK.

Roof Truss is controlled by its board.

PART VII

Accountants' Report on Springs Roofing

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le-Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Springs Roofing Limited for the three years ended 30 April 2005 and for the eleven months ended 31 March 2006

Springs Roofing Limited ('Springs Roofing')

We report on the financial information set out on pages 49 to 60. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Springs Roofing as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with the applicable financial reporting framework as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Springs Roofing for the three years ended 30 April 2005 and for the eleven months ended 31 March 2006

The financial information set out below of Springs Roofing for the three years ended 30 April 2005 and for the eleven months ended 31 March 2006 has been prepared by the directors of Springs Roofing on the basis set out in note 6.1.

1. Profit and loss accounts

for the three years ended 30 April 2005 and for the eleven months ended 31 March 2006

		2003	2004	2005	2006
		12 months	12 months	12 months	11 months
	<i>Notes</i>	£000	£000	£000	£000
Turnover	6.2	2,410	2,670	3,679	4,642
Cost of sales		(1,302)	(1,329)	(1,671)	(2,312)
Gross profit		1,108	1,341	2,008	2,330
Administrative expenses		(1,012)	(1,035)	(1,523)	(1,539)
Other operating income		1	2	6	4
Operating profit	6.3-6.5	97	308	491	795
Other interest receivable and similar income	6.6	—	1	—	4
Interest payable and similar charges	6.7	(8)	(6)	(6)	(7)
Profit on ordinary activities before taxation	6.3-6.7	89	303	485	792
Tax on profit on ordinary activities	6.8	(18)	(68)	(127)	(284)
Profit on ordinary activities after taxation		71	235	358	508

Springs has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

The results of Springs derive from continuing operations.

2. Balance sheets

at 30 April 2003, 30 April 2004, 30 April 2005 and 31 March 2006

	Notes	2003 £000	2004 £000	2005 £000	2006 £000
Fixed assets					
Tangible assets	6.10	<u>113</u>	<u>107</u>	<u>183</u>	<u>170</u>
Current assets					
Stocks	6.11	58	17	97	50
Debtors	6.12	290	393	833	749
Cash at bank and in hand		<u>9</u>	<u>116</u>	<u>352</u>	<u>927</u>
		357	526	1,282	1,726
Creditors: amounts falling due within one year	6.13	<u>(374)</u>	<u>(380)</u>	<u>(887)</u>	<u>(898)</u>
Net current assets/(liabilities)		<u>(17)</u>	<u>146</u>	<u>395</u>	<u>828</u>
Total assets less current liabilities		96	253	578	998
Creditors: amounts falling due after more than one year	6.14	(25)	(14)	(61)	(34)
Provisions for liabilities and charges		<u>—</u>	<u>—</u>	<u>—</u>	<u>(3)</u>
Net assets		<u><u>71</u></u>	<u><u>239</u></u>	<u><u>517</u></u>	<u><u>961</u></u>
Capital and reserves					
Called up share capital	6.16	3	3	3	3
Profit and loss account	6.17	<u>68</u>	<u>236</u>	<u>514</u>	<u>958</u>
Shareholders' funds		<u><u>71</u></u>	<u><u>239</u></u>	<u><u>517</u></u>	<u><u>961</u></u>

3. Cash flow statements

for the three years ended 30 April 2005 and the eleven months ended 31 March 2006

	Notes	2003 12 months £000	2004 12 months £000	2005 12 months £000	2006 11 months £000
Cash flow from operating activities	6.19	118	301	471	839
Returns on investment and servicing of finance		(8)	(5)	(6)	(3)
Taxation		(30)	(23)	(65)	(126)
Capital expenditure and financial investment		(55)	(32)	(153)	(40)
Equity dividends paid		<u>(71)</u>	<u>(68)</u>	<u>(80)</u>	<u>(64)</u>
Cash inflow/(outflow) before financing		(46)	173	167	606
Financing		<u>8</u>	<u>(26)</u>	<u>69</u>	<u>(31)</u>
Increase/(decrease) in cash in the year/period		<u><u>(38)</u></u>	<u><u>147</u></u>	<u><u>236</u></u>	<u><u>575</u></u>

4. Reconciliation of net cash flow to movement in net funds/(debt)

for the three years ended 30 April 2005 and the eleven months ended 31 March 2006

	Notes	2003 12 months £000	2004 12 months £000	2005 12 months £000	2006 11 months £000
Increase/(decrease) in cash in the year/period		(38)	147	236	575
Changes in net funds/(debt) resulting from cash flows		(38)	147	236	575
Cash flow movement in net debt		(8)	26	(69)	31
Movement in net funds/(debt) in the year/period		(46)	173	167	606
Net funds at beginning of year/period		(48)	(94)	79	246
Net funds/(debt) at end of year/period	6.20	(94)	79	246	852

5. Reconciliation of movement in shareholders' funds

for the three years ended 30 April 2005 and the eleven months ended 31 March 2006

	2003 12 months £000	2004 12 months £000	2005 12 months £000	2006 11 months £000
Profit for the financial year/period	71	235	358	508
Dividends	(71)	(67)	(80)	(64)
	—	168	278	444
Opening equity shareholders' funds	71	71	239	517
Closing equity shareholders' funds	71	239	517	961

6. Notes

(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Springs Roofing.

Basis of preparation

The financial information has been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the 11 month period ended 31 March 2006 and the years ended 30 April 2005, 30 April 2004 and 30 April 2003.

Turnover

Turnover comprises goods and services exclusive of value added tax relating to Spring Roofing's principal activity, roofing contractor.

Tangible fixed operating assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	– 10% on reducing balance
Fixtures and fittings	– 10% on reducing balance
Motor vehicles	– 25% on reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

Springs Roofing operated a defined contribution scheme. The assets of the scheme are held separately from those of Springs Roofing in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of Springs. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

6.2 Turnover

All turnover is derived in the United Kingdom.

6.3 Profit on ordinary activities before taxation

	2003 £000	2004 £000	2005 £000	2006 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>				
Depreciation				
– owned	11	18	18	21
– leased	16	15	41	28
Loss on disposal of fixed assets	4	4	17	3
Auditors' remuneration:	—	—	—	—
– as auditors	12	12	20	5
– other services	5	—	—	6
Rental income	(1)	(2)	(6)	(4)

6.4 Remuneration of directors

	2003 £000	2004 £000	2005 £000	2006 £000
Directors' emoluments	33	33	299	56
Contributions to money purchase pension schemes	1	1	1	1
	<u>34</u>	<u>34</u>	<u>300</u>	<u>57</u>

Emoluments of highest paid director:

	2003 £000	2004 £000	2005 £000	2006 £000
Total emoluments (excluding pension contributions)	21	21	287	34
Value of company pensions contributions to money purchase schemes	—	—	—	—
	<u>21</u>	<u>21</u>	<u>287</u>	<u>34</u>

The directors who held office at the end of the financial period had the following interests in the shares of Springs:

	Class of share	2003	2004	2005	2006
			Number of shares		
JJ Lightle	Ordinary shares	2,400	2,400	2,400	2,400
	Ordinary 'A' shares	10	10	10	10
K Muldoon	Ordinary shares	600	600	600	600
	Ordinary 'B' shares	10	10	10	10

6.5 Staff numbers and costs

The average number of persons employed by Springs (including directors) during the three years ended 30 April 2005 and the eleven months ended 31 March 2006, analysed by category, was as follows:

	2003	2004	2005	2006
		Number of employees		
Production	52	64	40	54
Administrative	4	4	4	5
	<u>56</u>	<u>68</u>	<u>44</u>	<u>59</u>

The aggregate payroll costs of these persons were as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Wages and salaries	639	732	852	976
Social security costs	47	60	82	92
Other pension costs	6	6	6	6
	<u>692</u>	<u>798</u>	<u>940</u>	<u>1,074</u>

6.6 Interest receivable and similar income

	2003 £000	2004 £000	2005 £000	2006 £000
Bank interest	—	1	—	4

6.7 Interest payable and similar charges

	2003 £000	2004 £000	2005 £000	2006 £000
On bank loans and overdrafts	1	1	—	—
Finance charges payable in respect of finance leases and hire purchase contracts	4	4	3	4
Bank charges	3	1	3	3
	<u>8</u>	<u>6</u>	<u>6</u>	<u>7</u>

6.8 Tax on profit on ordinary activities

Analysis of charge in period:

	2003 £000	2004 £000	2005 £000	2006 £000
<i>UK corporation tax</i>				
Current tax on income for the year	18	65	127	281
Adjustment in respect of prior periods	—	3	—	—
<i>Total current tax</i>	<u>18</u>	<u>68</u>	<u>127</u>	<u>281</u>
<i>Deferred tax</i>				
Origination of timing differences	—	—	—	3
<i>Total deferred tax</i>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3</u>
Tax on profit on ordinary activities	<u>18</u>	<u>68</u>	<u>127</u>	<u>284</u>

Factors affecting the tax charge for the current year

The current tax charge for 2006 is higher (2005: lower, 2004: lower, 2003: lower) than the standard rate of corporation tax in the UK 30% (2005: 30%, 2004: 30%, 2003: 20%). The differences are explained below.

	2003 £000	2004 £000	2005 £000	2006 £000
<i>Current tax reconciliation</i>				
Profit on ordinary activities before tax	<u>89</u>	<u>303</u>	<u>485</u>	<u>792</u>
Current tax at 30% (2005: 30%, 2004: 30%, 2003: 20%)	19	91	146	238
<i>Effects of:</i>				
Expenses not deductible for tax purposes	1	5	7	51
Depreciation in excess of capital allowances	(2)	2	1	3
Marginal relief	—	(33)	(27)	(11)
Adjustment to tax charge in respect of previous periods	—	3	—	—
Total current tax charge (see above)	<u>18</u>	<u>68</u>	<u>127</u>	<u>281</u>

6.9 Dividends

Dividends on equity shares:

	2003 £000	2004 £000	2005 £000	2006 £000
Dividends paid	<u>71</u>	<u>67</u>	<u>80</u>	<u>64</u>

6.10 Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
At 1 May 2002	8	18	212	238
Additions	—	—	64	64
Disposals	—	—	(78)	(78)
At 30 April 2003	8	18	198	224
Additions	—	—	32	32
Disposals	—	—	(26)	(26)
At 30 April 2004	8	18	204	230
Additions	—	—	168	168
Disposals	—	—	(90)	(90)
At 30 April 2005	8	18	282	308
Additions	—	—	49	49
Disposals	—	—	(28)	(28)
At 31 March 2006	8	18	303	329
Depreciation				
At 1 May 2002	6	10	131	147
Charge for year	—	1	28	29
On disposals	—	—	(65)	(65)
At 30 April 2003	6	11	94	111
Charge for year	—	1	32	33
On disposals	—	—	(21)	(21)
At 30 April 2004	6	12	105	123
Charge for year	—	1	58	59
On Disposals	—	—	(57)	(57)
At 30 April 2005	6	13	106	125
Charge for period	1	—	33	34
At 31 March 2006	7	13	139	159
Net book value				
At 30 April 2003	2	7	104	113
At 30 April 2004	2	6	99	107
At 30 April 2005	2	5	176	183
At 31 March 2006	1	5	164	170

Included in the total net book value of motor vehicles is £94,000 (2005: £123,000; 2004: £76,000; 2003: £126,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £28,000 (2005: £41,000; 2004: £30,000; 2003: £52,000).

6.11 Stocks

	2003 £000	2004 £000	2005 £000	2006 £000
Raw materials and consumables	58	17	97	50

6.12 Debtors

	2003 £000	2004 £000	2005 £000	2006 £000
Trade debtors	272	373	664	740
Director's current accounts	11	10	156	3
Prepayments and accrued income	7	10	13	6
	<u>290</u>	<u>393</u>	<u>833</u>	<u>749</u>

6.13 Creditors: amounts falling due within one year

	2003 £000	2004 £000	2005 £000	2006 £000
Bank loans and overdrafts	40	—	—	—
Trade creditors	204	201	376	342
Obligations under finance leases and hire purchase contracts	39	24	45	42
Corporation tax	18	65	126	281
Other taxation and social security	48	71	175	78
Accruals and deferred income	25	19	165	155
	<u>374</u>	<u>380</u>	<u>887</u>	<u>898</u>

6.14 Creditors: amounts falling due after more than one year

	2003 £000	2004 £000	2005 £000	2006 £000
Obligations under finance leases and hire purchase contracts	<u>25</u>	<u>14</u>	<u>61</u>	<u>34</u>

Analysis of debt:

	2003 £000	2004 £000	2005 £000	2006 £000
Debt can be analysed as falling due:				
In one year or less, or on demand	79	24	45	42
Between one and two years	25	11	36	27
Between two and five years	—	3	25	7
In five years or more	—	—	—	—
	<u>104</u>	<u>38</u>	<u>106</u>	<u>76</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Within one year	39	24	45	42
In the second to fifth years	25	14	61	34
	<u>64</u>	<u>38</u>	<u>106</u>	<u>76</u>

6.15 Provisions for liabilities and charges

The amounts provided for are set out below:

	Deferred tax £000
At 1 May 2002	—
Charged in year	—
At 1 May 2003	—
Charged in year	—
At 1 May 2004	—
Charged in year	—
At 1 May 2005	—
Charged in period	3
At 31 March 2006	3

The elements of deferred taxation are as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Difference between accumulated depreciation and capital allowances	—	—	—	3
Other timing differences	—	—	—	—
Deferred tax liability – provided	—	—	—	3
Deferred tax liability – unprovided	10	8	7	—
	10	8	7	3

6.16 Called up share capital

	2003 £	2004 £	2005 £	2006 £
<i>Authorised</i>				
Ordinary shares of £1 each	4,500	4,500	4,500	4,500
‘A’ ordinary shares of £1 each	100	100	100	100
‘B’ ordinary shares of £1 each	100	100	100	100
‘C’ ordinary shares of £1 each	—	—	100	100
‘D’ ordinary shares of £1 each	—	—	100	100
‘E’ ordinary shares of £1 each	—	—	100	100
	4,700	4,700	5,000	5,000

	2003 £	2004 £	2005 £	2006 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	3,000	3,000	3,000	3,000
‘A’ ordinary shares of £1 each	40	10	10	10
‘B’ ordinary shares of £1 each	—	30	10	10
‘C’ ordinary shares of £1 each	—	—	10	10
‘D’ ordinary shares of £1 each	—	—	10	10
‘E’ ordinary shares of £1 each	—	—	—	—
	3,040	3,040	3,040	3,040

6.17 Profit and loss account

	2003 £000	2004 £000	2005 £000	2006 £000
At beginning of period	68	68	236	514
Retained profit for the period	71	235	358	508
Dividends	(71)	(67)	(80)	(64)
At end of period	<u>68</u>	<u>236</u>	<u>514</u>	<u>958</u>

6.18 Pension scheme

Springs operates a defined contribution pension scheme for its employees.

6.19 Reconciliation of operating profit to operating cash flows

	2003 £000	2004 £000	2005 £000	2006 £000
Operating profit	97	308	491	795
Depreciation and loss on disposal of fixed asset	32	38	76	52
(Increase)/decrease in stocks	(35)	41	(79)	47
(Increase)/decrease in debtors	169	(103)	(440)	84
Increase/(decrease) in creditors	(145)	17	423	(139)
	<u>118</u>	<u>301</u>	<u>471</u>	<u>839</u>

6.20 Net funds/(debt) is comprised of

	2003 £000	2004 £000	2005 £000	2006 £000
Cash at bank	9	116	352	927
Overdraft	(40)	—	—	—
Finance leases	(63)	(37)	(106)	(75)
Net funds/(debt)	<u>(94)</u>	<u>79</u>	<u>246</u>	<u>852</u>

6.21 Related party transactions

The following loan to a director existed during the year/period:

	2003 £000	2004 £000	2005 £000	2006 £000
Loan to JJ Lightle				
Balance at start of year	—	11	10	144
Balance at end of year	11	10	144	3
Maximum balance outstanding during the year	<u>23</u>	<u>33</u>	<u>144</u>	<u>144</u>
	2003 £000	2004 £000	2005 £000	2006 £000
Loan to K Muldoon				
Balance at start of year	—	—	—	12
Balance at end of year	—	—	12	—
Maximum balance outstanding during the year	<u>—</u>	<u>—</u>	<u>12</u>	<u>12</u>

6.22 Ultimate parent company

On 11 July 2006 the entire share capital of Springs Roofing was acquired by Kelmax, a company registered in the UK.

Springs Roofing is controlled by its board.

PART VIII

Accountants' Report on Wensley Roofing

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le-Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Wensley Roofing Limited for the three years ended 31 December 2005 and 3 months ended 31 March 2006

Wensley Roofing Limited ('Wensley Roofing')

We report on the financial information set out on pages 61 to 72. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Wensley Roofing as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with UK currently Accepted Accounting Principles as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Wensley Roofing for the three years ended 31 December 2005 and 3 months ended 31 March 2006

The financial information set out below of Wensley Roofing for the three years ended 31 December 2005 and three months ended 31 March 2006 has been prepared by the directors of the Company on the basis set out in note 6.1.

1. Profit and loss accounts

for the three years ended 31 December 2005 and three months ended 31 March 2006

		2003	2004	2005	2006
		12 months	12 months	12 months	3 months
	Notes	£000	£000	£000	£000
Turnover	6.2	2,872	3,976	4,884	1,208
Cost of sales		(2,350)	(3,087)	(3,467)	(812)
Gross profit		522	889	1,417	396
Administrative expenses		(527)	(620)	(794)	(316)
Other operating income		3	4	3	—
Operating profit/(loss)	6.3-6.5	(2)	273	626	80
Other interest receivable and similar income	6.6	—	4	6	1
Interest payable and similar charges	6.7	(3)	(3)	(8)	(4)
Profit/(loss) on ordinary activities before taxation		(5)	274	624	77
Tax on profit on ordinary activities	6.8	(9)	(54)	(172)	(33)
Profit/(loss) on ordinary activities after taxation		(14)	220	452	44

Wensley Roofing has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

The results of Wensley Roofing derive from continuing operations.

2. Balance sheets

at 31 December 2003, 31 December 2004, 31 December 2005, 31 March 2006

	Notes	2003 £000	2004 £000	2005 £000	2006 £000
Fixed assets					
Tangible assets	6.10	<u>74</u>	<u>98</u>	<u>168</u>	<u>156</u>
Current assets					
Stocks	6.11	35	33	71	65
Debtors	6.12	531	779	1,167	1,279
Cash at bank and in hand		<u>135</u>	<u>272</u>	<u>98</u>	<u>172</u>
		701	1,084	1,336	1,516
Creditors: amounts falling due within one year	6.13	<u>(368)</u>	<u>(673)</u>	<u>(750)</u>	<u>(830)</u>
Net current assets		<u>333</u>	<u>411</u>	<u>586</u>	<u>686</u>
Total assets less current liabilities		407	509	754	842
Creditors: amounts falling due after more than one year	6.14	(8)	(68)	(81)	(126)
Provisions for liabilities and charges	6.16	<u>—</u>	<u>—</u>	<u>(6)</u>	<u>(5)</u>
Net assets		<u><u>399</u></u>	<u><u>441</u></u>	<u><u>667</u></u>	<u><u>711</u></u>
Capital and reserves					
Called up share capital	6.17	50	50	50	50
Profit and loss account	6.18	<u>349</u>	<u>391</u>	<u>617</u>	<u>661</u>
Shareholders' funds		<u><u>399</u></u>	<u><u>441</u></u>	<u><u>667</u></u>	<u><u>711</u></u>

3. Cash flow statements

for the three years ended 31 December 2005 and the 3 months ended 31 March 2006

	Notes	2003 12 months £000	2004 12 months £000	2005 12 months £000	2006 3 months £000
Cash flow from operating activities	6.19	68	320	192	34
Returns on investment and servicing of finance		(1)	1	(2)	(3)
Taxation		(27)	(8)	(60)	6
Capital expenditure and financial investment		—	(65)	(123)	(3)
Equity dividends paid		<u>(26)</u>	<u>(178)</u>	<u>(227)</u>	<u>—</u>
Cash inflow/(outflow) before financing		14	70	(220)	34
Financing		<u>(31)</u>	<u>67</u>	<u>46</u>	<u>39</u>
Increase/(decrease) in cash in the year/period		<u><u>(17)</u></u>	<u><u>137</u></u>	<u><u>(174)</u></u>	<u><u>73</u></u>

4. Reconciliation of net cash flow to movement in net funds/(debt)

for the three years ended 31 December 2005 and the 3 months ended 31 March 2006

	Notes	2003 £000	2004 £000	2005 £000	2006 £000
Increase/(decrease) in cash in the year/period		(17)	137	(173)	73
Cash flow movement in net debt		<u>31</u>	<u>(67)</u>	<u>(45)</u>	<u>(39)</u>
Movement in net funds/(debt) in the year/period		14	70	(218)	34
Net (debt)/funds at beginning of year/period		<u>92</u>	<u>106</u>	<u>176</u>	<u>(42)</u>
Net (debt)/funds at end of year/period	6.20	<u><u>106</u></u>	<u><u>176</u></u>	<u><u>(42)</u></u>	<u><u>(8)</u></u>

5. Reconciliation of movement in shareholders' funds

for the three years ended 31 December 2005 and the 3 months ended 31 March 2006

	2003 £000	2004 £000	2005 £000	2006 £000
Profit/(loss) for the financial year/period	(14)	220	452	44
Dividends	<u>(26)</u>	<u>(178)</u>	<u>(226)</u>	<u>—</u>
	(40)	42	226	44
Opening equity shareholders' funds	<u>439</u>	<u>399</u>	<u>441</u>	<u>667</u>
Closing equity shareholders' funds	<u><u>399</u></u>	<u><u>441</u></u>	<u><u>667</u></u>	<u><u>711</u></u>

6. Notes

(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Wensley Roofing.

Basis of preparation

The financial information has been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the 3 month period ended 31 March 2006 and the years ended 31 December 2005, 31 December 2004 and 31 December 2003.

Turnover

Turnover comprises goods and services exclusive of value added tax relating to Wensley Roofing's principal activities of roof tiling, slating, build up felt roofing and specialist lead work.

Tangible fixed operating assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	– 15% – 33% on cost
Motor vehicles	– 25% on cost
Commercial vehicles	– 25% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

Wensley operated a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of Wensley Roofing. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

6.2 Turnover

All turnover is derived in the United Kingdom.

6.3 Profit on ordinary activities before taxation

	2003 £000	2004 £000	2005 £000	2006 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>				
Depreciation				
– owned	15	21	22	3
– leased	40	23	32	12
Auditors' remuneration:				
– as auditors	3	3	4	5
– other services	—	—	—	—
(Profit)/loss on disposal of fixed assets	—	(3)	—	—
Hire of plant and machinery				
– rentals payable under operating leases	—	—	2	4
Hire of other assets				
– operating leases	—	—	—	2
	<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>

6.4 Remuneration of directors

	2003 £000	2004 £000	2005 £000	2006 £000
Directors' emoluments	148	161	206	41
Contributions to money purchase pension schemes	30	80	133	8
	<u>178</u>	<u>241</u>	<u>339</u>	<u>49</u>

6.4 Remuneration of directors *(continued)*

Emoluments of highest paid director:

	2003 £000	2004 £000	2005 £000	2006 £000
Total emoluments (excluding pension contributions)	50	58	79	10
Value of company pensions contributions to money purchase Schemes	3	3	3	1
	<u>53</u>	<u>61</u>	<u>82</u>	<u>11</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Money purchase schemes	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The directors who held office at the end of the financial year/period had the following interests in the shares of Wensley Roofing:

	Class of share	2003	2004	2005	2006
		Number of shares			
K Soulsby	Ordinary	30,000	30,000	30,000	30,000
I Young	Ordinary	10,000	10,000	10,000	10,000
I Young	'A' Ordinary	20	20	20	20
D Soulsby	Ordinary	10,000	10,000	10,000	10,000
D Soulsby	'A' Ordinary	80	80	80	80
R Dodds	—	—	—	—	—
D S Ferguson	—	—	—	—	—

6.5 Staff numbers and costs

The average number of persons employed by Wensley Roofing (including directors) during the three years ended 31 December 2005 and the three months ended 31 March 2006, analysed by category, was as follows:

	2003	2004	2005	2006
	Number of employees			
Production	35	44	45	42
Administrative	5	6	6	6
	<u>40</u>	<u>50</u>	<u>51</u>	<u>48</u>

The aggregate payroll costs of these persons were as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Wages and salaries	720	827	969	231
Social security costs	71	87	91	21
Other pension costs	38	86	138	8
	<u>829</u>	<u>1,000</u>	<u>1,198</u>	<u>260</u>

6.6 Interest receivable and similar income

	2003 £000	2004 £000	2005 £000	2006 £000
Bank interest	<u>—</u>	<u>4</u>	<u>6</u>	<u>1</u>

6.7 Interest payable and similar charges

	2003 £000	2004 £000	2005 £000	2006 £000
On bank loans and overdrafts	1	1	3	3
Finance charges payable in respect of finance leases and hire purchase contracts	2	2	5	1
	<u>3</u>	<u>3</u>	<u>8</u>	<u>4</u>

6.8 Tax on profit on ordinary activities

Analysis of charge in period:

	2003 £000	2004 £000	2005 £000	2006 £000
<i>UK corporation tax</i>				
Current tax on income for the year	9	54	166	34
Adjustment in respect of prior periods	—	—	—	—
<i>Total current tax</i>	<u>9</u>	<u>54</u>	<u>166</u>	<u>34</u>
<i>Deferred tax</i>				
Origination of timing differences	—	—	6	(1)
<i>Total deferred tax</i>	<u>—</u>	<u>—</u>	<u>6</u>	<u>(1)</u>
Tax on profit on ordinary activities	<u>9</u>	<u>54</u>	<u>172</u>	<u>33</u>

Factors affecting the tax charge for the current year

The current tax charge for 2006 is higher (2005: *lower* 2004: *lower*, 2003: *higher*) than the standard rate of corporation tax in the UK 30% (2005: 30%, 2004: 30%, 2003: 20%). The differences are explained below.

	2003 £000	2004 £000	2005 £000	2006 £000
<i>Current tax reconciliation</i>				
Profit/(loss) on ordinary activities before tax	(5)	274	624	77
Current tax at 30% (2005: 30%, 2004: 30%, 2003: 20%)	(1)	82	187	23
<i>Effects of:</i>				
Expenses not deductible for tax purposes	14	6	9	13
Depreciation in excess of capital allowances	(4)	(3)	(6)	(4)
Marginal relief	—	(31)	(24)	2
Total current tax charge (see above)	<u>9</u>	<u>54</u>	<u>166</u>	<u>34</u>

6.9 Dividends

Dividends on equity shares:

	2003 £000	2004 £000	2005 £000	2006 £000
Dividends paid	<u>26</u>	<u>178</u>	<u>226</u>	<u>—</u>

6.10 Tangible fixed assets

	Plant & Machinery £000	Motor vehicles £000	Commercial vehicles £000	Total £000
Cost				
At 1 January 2003	62	35	200	297
Additions	—	—	—	—
At 31 December 2003	62	35	200	297
Additions	8	10	53	71
Disposals	(2)	—	(26)	(28)
At 31 December 2004	68	45	227	340
Additions	9	43	83	135
Disposals	(6)	(35)	(56)	(97)
At 31 December 2005	71	53	254	378
Additions	3	—	—	3
Disposals	—	—	—	—
At 31 March 2006	74	53	254	381
Depreciation				
At 1 January 2003	34	7	127	168
Charge for year	13	9	33	55
At 31 December 2003	47	16	160	223
Charge for year	6	10	28	44
On disposals	(1)	—	(24)	(25)
At 31 December 2004	52	26	164	242
Charge for year	5	9	40	54
Disposals	(6)	(25)	(55)	(86)
At 31 December 2005	51	10	149	210
Charge for period	2	3	10	15
At 31 March 2006	53	13	159	225
Net book value				
At 31 December 2003	15	19	40	74
At 31 December 2004	16	19	63	98
At 31 December 2005	20	43	105	168
At 31 March 2006	21	40	95	156

Included in the total net book value of motor vehicles is £34,000 (2005: £37,000; 2004: £9,000; 2003: £19,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £3,000 (2005: £6,000; 2004: £6,000; 2003: £9,000).

Included in the total net book value of commercial vehicles is £96,000 (2005: £105,000, 2004: £62,000, 2003: £25,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £9,000 (2005: £26,000, 2004: £17,000, 2003: £25,000).

Included in the total net book value of plant and machinery is £nil (2005: £nil, 2004: £nil, 2003: £2,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £nil (2005: £nil, 2004: £nil, 2003: £6,000).

6.11 Stocks

	2003	2004	2005	2006
	£000	£000	£000	£000
Raw materials and consumables	<u>35</u>	<u>33</u>	<u>71</u>	<u>65</u>

6.12 Debtors

	2003	2004	2005	2006
	£000	£000	£000	£000
Trade debtors	234	294	214	494
Contract debtors	284	448	860	720
Directors current account	—	5	—	—
Other debtors	3	16	69	24
Prepayments and accrued income	<u>10</u>	<u>16</u>	<u>24</u>	<u>41</u>
	<u>531</u>	<u>779</u>	<u>1,167</u>	<u>1,279</u>

6.13 Creditors: amounts falling due within one year

	2003	2004	2005	2006
	£000	£000	£000	£000
Trade creditors	305	412	403	449
Obligations under finance leases and hire purchase contracts	20	23	44	44
Corporation tax	—	53	—	199
Other taxation and social security	21	35	205	29
Accruals and deferred income	22	29	18	85
Directors' pension scheme loan	—	4	15	10
Directors' current account	<u>—</u>	<u>117</u>	<u>65</u>	<u>14</u>
	<u>368</u>	<u>673</u>	<u>750</u>	<u>830</u>

6.14 Creditors: amounts falling due after more than one year

	2003	2004	2005	2006
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	8	46	53	43
Directors pension scheme loan	<u>—</u>	<u>22</u>	<u>28</u>	<u>83</u>
	<u>8</u>	<u>68</u>	<u>81</u>	<u>126</u>

6.15 Pension scheme

Wensley operates a defined contribution pension scheme for its employees.

6.16 Provisions for liabilities and charges

The amounts provided for are set out below:

	Deferred Tax £000
At 1 January 2003	—
Charged in year	—
At 31 December 2003	—
Charged in year	—
At 31 December 2004	—
Charged in year	6
At 31 December 2005	6
Credited in period	(1)
At 31 March 2006	5

The elements of deferred taxation are as follows:

	2003 £000	2004 £000	2005 £000	2006 £000
Difference between accumulated depreciation and capital allowances	—	—	6	5
Other timing differences	—	—	—	—
Deferred tax liability – provided	—	—	6	5

6.17 Called up share capital

	2003 £	2004 £	2005 £	2006 £
<i>Authorised</i>				
Ordinary shares of £1 each	80,000	80,000	80,000	80,000
‘A’ ordinary shares of £1 each	20,000	20,000	20,000	20,000
	100,000	100,000	100,000	100,000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
‘A’ ordinary shares of £1 each	100	100	100	100
	50,100	50,100	50,100	50,100

6.18 Profit and loss account

	2003 £000	2004 £000	2005 £000	2006 £000
At beginning of period	389	349	391	617
Retained profit/(loss) for the period	(14)	220	452	44
Dividends	(26)	(178)	(226)	—
At end of period	349	391	617	661

6.19 Reconciliation of operating profit to operating cash flows

	2003	2004	2005	2006
	£000	£000	£000	£000
Operating (loss)/profit	(5)	273	626	80
Depreciation	55	42	52	15
(Increase)/decrease in stocks	7	3	(38)	6
(Increase)/decrease in debtors	14	(249)	(387)	(113)
Increase/(decrease) in creditors	(3)	251	(61)	46
	<u>68</u>	<u>320</u>	<u>192</u>	<u>34</u>

6.20 Net funds/(debt) is comprised of

	2003	2004	2005	2006
	£000	£000	£000	£000
Cash at bank	135	272	98	172
Pension scheme loan	—	(50)	(43)	(93)
Finance leases	(29)	(46)	(97)	(87)
Net funds/(debt)	<u>106</u>	<u>176</u>	<u>(42)</u>	<u>(8)</u>

6.21 Ultimate parent company

On 1 August 2006 the entire share capital of Wensley Roofing was acquired by Maximuse, a company registered in the UK.

Wensley Roofing is controlled by its board.

PART IX

Accountants' Report on Ron Gone

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Ron Gone Limited for the period from incorporation, 6 June 2005, to 31 March 2006

Ron Gone Limited ('Ron Gone')

We report on the financial information set out on pages 73 to 79. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Ron Gone as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with the applicable financial reporting framework as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Ron Gone for the period from incorporation to 31 March 2006

The financial information set out below of Ron Gone for the period from incorporation to 31 March 2006 has been prepared by the directors of the Company on the basis set out in note 6.1.

1. Profit and loss accounts

for the period from incorporation to 31 March 2006

	Notes	2006 10 months £000
Other operating income	6.2	20
Operating profit	6.2-6.4	20
Interest payable and similar charges	6.5	(20)
Profit on ordinary activities before taxation		—
Tax on profit on ordinary activities	6.6	—
Profit on ordinary activities after taxation		—

Ron Gone has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

The results of Ron Gone derive from continuing operations.

2. Balance sheets

at 31 March 2006

	Notes	2006 £000
Fixed assets		
Investments	6.7	1,686
Current assets		
Cash at bank and in hand		67
Creditors: amounts falling due within one year	6.8	(615)
Net current liabilities		(548)
Total assets less current liabilities		1,138
Creditors: amounts falling due after more than one year	6.9	(1,118)
Net assets		20
Capital and reserves		
Called up share capital	6.10	—
Share premium account	6.11	20
Shareholders' funds		20

3. Cash flow statements

for the period from incorporation to 31 March 2006

	Notes	2006 10 months £000
Cash flow from operating activities	6.12	455
Returns on investment and servicing of finance		(20)
Acquisitions and disposals		(1,586)
Cash outflow before financing		(1,151)
Financing		1,218
Increase in cash in the period		67

4. Reconciliation of net cash flow to movement in net debt
for the period from incorporation to 31 March 2006

	Notes	2006 10 months £000
Increase in cash in the period		67
Changes in net funds resulting from cash flows		67
Cash flow movement in net debt		(1,198)
Movement in net debt in the period		(1,131)
Net funds at beginning of period		—
Net debt at end of period	6.13	(1,131)

5. Reconciliation of movement in shareholders' funds
for the period from incorporation to 31 March 2006

	2006 10 months £000
Profit for financial period	—
New share capital subscribed	20
	20
Opening shareholders' funds	—
Closing shareholders' funds	20

6. Notes
(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Ron Gone.

Basis of preparation

The financial information has been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the period from incorporation to 31 March 2006.

Investments

Investments in subsidiary undertakings are stated at cost.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

6.2 Profit on ordinary activities before taxation

2006
£000

Profit on ordinary activities before taxation is stated after crediting:

Management charge receivable	20
------------------------------	----

6.3 Remuneration of directors

No remuneration was payable to any of the directors during the financial period.

The directors who held office at the end of the financial period had the following interests in the shares of Ron Gone:

	<i>At date of appointment and end of period</i>
	<i>Class of share</i>
	<i>Number of shares</i>
GSL Forrest	Ordinary 40
HB Gold	Ordinary —

6.4 Staff numbers and costs

There were no persons employed by Ron Gone, other than the directors, during the period from incorporation to 31 March 2006.

6.5 Interest payable and similar charges

	£000
Bank loans and overdrafts	20

6.6 Tax on profit on ordinary activities

No tax charge arises in the financial period.

6.7 Fixed asset investments

	<i>Shares in subsidiary undertakings £000</i>
<i>Cost</i>	
At beginning of period	—
Additions	1,686
At end of period	1,686

The companies in which the company's interest at the year end is more than 20 per cent. are as follows:

<i>Subsidiary undertakings</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
Isoler Limited	Fire protection	100% ordinary

In the opinion of the directors the investments in subsidiary undertakings are worth at least the amounts stated in the balance sheet. Details of the results and net assets of the group of which Ron Gone is the holding company are as follows:

	2006 £000
Aggregate of capital and reserves at 31 March 2006	741
Profit for the financial period ended 31 March 2006	110

6.8 Creditors: amounts falling due within one year

	2006 £000
Bank loans	180
Amounts owed to group undertakings	435
	<u>615</u>

6.9 Creditors: amounts falling due after more than one year

	2006 £000
Bank loans	660
Shareholder loans	358
Deferred consideration	100
	<u>1,118</u>

Analysis of debt:

	2006 £000
Debt can be analysed as falling due:	
In one year or less, or on demand	180
Between one and two years	180
Between two and five years	838
In five years or more	—
	<u>1,198</u>

The bank loan is repayable over 5 years in quarterly instalments of £45,000. Interest is payable at 2.5 per cent. over LIBOR. The bank loan is secured by a first debenture from the company and its subsidiary, an assignment in security of the Keyman Policies and a deed of postponement from each of the shareholder loans.

The amounts owed to group companies are unsecured, interest free and repayable on demand.

The shareholder loans are unsecured and interest free. They have been classified as due between 2-5 years on the basis of the above deed of postponement given as security for the bank loan.

6.10 Called up share capital

	2006 £
<i>Authorised</i>	
100 ordinary shares of £1 each	100
	<u>100</u>
	2006 £
<i>Allotted, called up and fully paid</i>	
100 ordinary shares of £1 each	100
	<u>100</u>

6.11 Share premium account

	2006 £000
At beginning of year	—
Premium on shares issued	20
At end of year	<u>20</u>

6.12 Reconciliation of operating profit to operating cash flows

	2006 £000
Operating profit	20
Increase in creditors	435
	<u>455</u>

6.13 Net debt is comprised of

	2006 £000
Cash at bank	67
Bank loan	(840)
Shareholder loans	(358)
Net debt	<u>(1,131)</u>

6.14 Related party transactions

The following loans existed during the period:

	2006 £000
Loan from GSL Forrest	
Balance at start of year	—
Balance at end of year	52
Maximum balance outstanding during the year	<u>52</u>

	2006 £000
Loan from JP Pither	
Balance at start of year	—
Balance at end of year	274
Maximum balance outstanding during the year	<u>274</u>

	2006 £000
Loan from S Roberts	
Balance at start of year	—
Balance at end of year	16
Maximum balance outstanding during the year	<u>16</u>

	2006 £000
Loan from J Gilstin	
Balance at start of year	—
Balance at end of year	16
Maximum balance outstanding during the year	<u>16</u>

6.15 Ultimate parent company

Ron Gone is controlled by its board.

PART X

Accountants' Report on Dudley Wilson

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Dudley Wilson Limited for the period from incorporation, 8 December 2005, to 31 March 2006

Dudley Wilson Limited ('Dudley Wilson')

We report on the financial information set out on pages 80 to 85. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Dudley Wilson as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with the applicable financial reporting framework as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Dudley Wilson for the period from incorporation to 31 March 2006

The financial information set out below of Dudley Wilson for the period from incorporation to 31 March 2006 has been prepared by the directors of the Company on the basis set out in note 6.1.

1. Profit and loss accounts

for the period from incorporation to 31 March 2006

Dudley Wilson did not trade during the period and thus has no recognised gains or losses.

2. Balance sheets

at 31 March 2006

	Notes	2006 £000
Fixed assets		
Investments	6.5	1,344
Current assets		
Debtors	6.6	13
Creditors: amounts falling due within one year	6.7	(767)
Net current liabilities		(754)
Total assets less current liabilities		590
Creditors: amounts falling due after more than one year		—
Net assets		590
Capital and reserves		
Called up share capital	6.8	—
Share premium account	6.9	590
Shareholders' funds		590

3. Cash flow statements

for the period from incorporation to 31 March 2006

	Notes	2006 4 months £000
Acquisitions and disposals		(1,344)
Cash outflow before financing		1,344
Financing		1,344
Increase in cash in the year/period		—

4. Reconciliation of net cash flow to movement in net debt

for the period from incorporation to 31 March 2006

	Notes	2006 4 months £000
Increase in cash in the period		—
Changes in net debt resulting from cash flows		—
Cash flow movement in net debt		(145)
Movement in net debt in the period		(145)
Net funds at beginning of period		—
Net debt at end of period	6.10	(145)

5. Reconciliation of movement in shareholders' funds
for the period from incorporation to 31 March 2006

	2006 4 months £000
Profit for the financial period	—
New share capital subscribed	590
	<hr/> 590
Opening shareholders' funds	—
Closing shareholders' funds	<hr/> <hr/> 590

6. Notes
(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Dudley Wilson.

Basis of preparation

The financial information has been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the period from incorporation, 8 December 2005, to 31 March 2006.

Investments

Investments in subsidiary undertakings are stated at cost.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

6.2 Remuneration of directors

No remuneration was payable to any of the directors during the financial period.

The directors who held office at the end of the financial period had the following interests in the shares of Dudley Wilson:

		<i>At date of appointment and end of period</i>
	<i>Class of share</i>	<i>Number of shares</i>
GSL Forrest	A Ordinary	29
K Gray	B Ordinary	42
HB Gold	—	—

6.3 Staff numbers and costs

There were no persons employed by Dudley Wilson, other than the directors, during the period from incorporation to 31 March 2006.

6.4 Tax on profit on ordinary activities

No tax charge arises on the result for the period.

6.5 Fixed asset investments

	<i>Shares in subsidiary undertakings £000</i>
<i>Cost</i>	
At beginning of period	—
Additions	1,344
At end of period	<u>1,344</u>

The companies in which the company's interest at the year end is more than 20 per cent. are as follows:

<i>Subsidiary undertakings</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
Roof Truss	Roofing contractor	100% ordinary

In the opinion of the directors the investments in subsidiary undertakings are worth at least the amounts stated in the balance sheet. Details of the results and net assets of the subsidiary undertakings as follows:

	<i>2006 £000</i>
Aggregate of capital and reserves at 31 March 2006	<u>597</u>
Profit for the financial period from 1 July 2005 to 31 March 2006	<u>30</u>

6.6 Debtors

	<i>2006 £000</i>
Other debtors	<u>13</u>

6.7 Creditors: amounts falling due within one year

	<i>2006 £000</i>
Amounts owed to group undertakings	622
Shareholder loans	145
	<u>767</u>

Amounts owed to group undertakings and shareholder loans are unsecured, interest free and are repayable on demand.

6.8 Called up share capital

	<i>2006 £</i>
<i>Authorised</i>	
500 A ordinary shares of £1 each	500
500 B ordinary shares of £1 each	500
	<u>1,000</u>

	2006 £
<i>Allotted, called up and fully paid</i>	
58 A ordinary shares of £1 each	58
42 B ordinary shares of £1 each	42
	<u>100</u>

6.9 Share premium account

	2006 £000
At beginning of year	—
Premium on share issues	590
At end of year	<u>590</u>

6.10 Net debt is comprised of

	2006 £000
Cash at bank	—
Shareholder loans	(145)
At end of year	<u>(145)</u>

6.11 Related party transactions

The following loans existed during the period:

	2006 £
Loan from JP Pither	—
Balance at start of period	—
Balance at end of period	130
Maximum balance outstanding during the period	<u>160</u>
Loan from GSL Forrest	—
Balance at start of period	—
Balance at end of period	15
Maximum balance outstanding during the period	<u>15</u>

6.12 Ultimate parent company

Dudley Wilson is controlled by its board.

PART XI

Accountants' Report on Kelmax

The Directors
Northern Bear PLC
Unit 1
Station House
Station Road
Chester-le Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Kelmax Roofing Limited for the period since incorporation, 15 February 2006, to 31 August 2006

Kelmax Roofing Limited ('Kelmax')

We report on the financial information set out on pages 86 to 92. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Kelmax as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with the applicable financial reporting framework as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Kelmax for the period from incorporation to 31 August 2006

The financial information set out below of Kelmax for the period from incorporation to 31 August 2006 has been prepared by the directors of the Company on the basis set out in note 6.1.

1. Profit and loss accounts

for the period from incorporation to 31 August 2006

	Notes	2006 6 months £000
Other operating income	6.2	9
Operating profit	6.2-6.4	9
Interest payable and similar charges	6.5	(9)
Profit on ordinary activities before taxation		—
Tax on profit on ordinary activities	6.6	—
Profit on ordinary activities after taxation		—

Kelmax has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

The results of Kelmax derive from continuing operations.

2. Balance sheets

at 31 August 2006

	Notes	2006 £000
Fixed assets		
Investments	6.7	3,745
Current assets		
Cash at bank and in hand		160
Creditors: amounts falling due within one year	6.8	(968)
Net current liabilities		(808)
Total assets less current liabilities		2,937
Creditors: amounts falling due after more than one year	6.9	(1,763)
Net assets		1,174
Capital and reserves		
Called up share capital	6.10	—
Share premium account	6.11	1,174
Shareholders' funds		1,174

3. Cash flow statements

for the period from incorporation to 31 August 2006

	Notes	2006 6 months £000
Cash flow from operating activities	6.12	688
Returns on investments and servicing of finance		(9)
Acquisitions		(3,485)
Cash outflow before financing		(2,806)
Financing		2,966
Increase in cash in the period		160

4. Reconciliation of net cash flow to movement in net debt
for the period from incorporation to 31 August 2006

	<i>Notes</i>	2006 6 months £000
Increase in cash in the period		160
Changes in net debt resulting from cash flows		160
Cash flow movement in net debt		(1,793)
Movement in net debt in the period		(1,633)
Net funds at beginning of period		—
Net funds at end of period	6.13	(1,633)

5. Reconciliation of movement in shareholders' funds
for the period from incorporation to 31 August 2006

	2006 6 months £000
Profit for the financial period	—
New share capital subscribed	1,174
	1,174
Opening equity shareholders' funds	—
Closing equity shareholders' funds	1,174

6. Notes

(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Kelmax.

Basis of preparation

The financial information has been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the period from incorporation to 31 August 2006.

Investments

Investments in subsidiary undertakings are stated at cost.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

6.2 Profit on ordinary activities before taxation

	2006 £000
<i>Profit on ordinary activities before taxation is stated after crediting:</i>	
Management charge receivable	9
	<hr/>

6.3 Remuneration of directors

No remuneration was payable to any of the directors during the financial period.

The directors who held office at the end of the financial period had the following interests in the shares of Kelmax:

		<i>At date of appointment and end of period</i>
	<i>Class of share</i>	<i>Number of shares</i>
GSL Forrest	A ordinary	2,865
JP Pither	A ordinary	2,865

6.4 Staff numbers and costs

There were no persons employed by Kelmax, other than the directors, during the period from incorporation to 31 March 2006.

6.5 Interest payable and similar charges

	2006 £000
On bank loans and overdrafts	9
	<hr/>

6.6 Tax on profit on ordinary activities

No tax charge arises on the result for the period.

6.7 Fixed asset investments

	<i>Shares in subsidiary undertakings £000</i>
<i>Cost</i>	
At beginning of period	—
Additions	3,745
At end of period	<hr/> 3,745 <hr/>

The companies in which the company's interest at the year end is more than 20 per cent. are as follows:

<i>Subsidiary undertakings</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
Springs Roofing	Roofing contractor	100% ordinary

In the opinion of the directors the investments in subsidiary undertakings are worth at least the amounts stated in the balance sheet. Details of the results and net assets of Springs Roofing are as follows:

	2006 £000
Aggregate of capital and reserves at 31 March 2006	961
Profit for the financial year from 1 May 2005 to 31 March 2006	508

6.8 Creditors: amounts falling due within one year

	2006 £000
Bank loans	290
Trade creditors	101
Amounts owed to group undertakings	577
	968

6.9 Creditors: amounts falling due after more than one year

	2006 £000
Bank loans	1,160
Shareholder loans	343
Deferred consideration	261
	1,764

Analysis of debt:

	2006 £000
Debt can be analysed as falling due:	
In one year or less, or on demand	290
Between one and two years	290
Between two and five years	1,213
	1,793

The bank loan of £1,450,000 is repayable over 5 years in quarterly instalments of £72,500. Interest is payable, at 2.5 per cent. above LIBOR. The bank loan is secured by a first debenture from the company and its subsidiary, an assignment in security of the Keyman Policies and a deed of postponement from each of the shareholder loans.

The amounts owed to group companies are unsecured, interest free and repayable on demand.

The shareholder loans are unsecured and interest free. They have been classified as due between 2-5 years on the basis of the above deed of postponement given as security for the bank loan.

6.10 Called up share capital

	2006 £
<i>Authorised</i>	
10,000 A ordinary shares of £0.01 each	100
10,000 B ordinary shares of £0.01 each	100
	200
	2006 £
<i>Allotted, called up and fully paid</i>	
6,730 A ordinary shares of £0.01 each	67
3,270 B ordinary shares of £0.01 each	33
	100

6.11 Share premium account

	2006 £000
At beginning of period	—
Premium on shares issued	1,174
At end of period	<u>1,174</u>

6.12 Reconciliation of operating profit to operating cash flows

	2006 £000
Operating profit	9
Increase in creditors	679
At end of period	<u>688</u>

6.13 Net debt is comprised of

	2006 £000
Cash at bank	160
Bank loan	(1,450)
Shareholders loans	(343)
Net debt	<u>(1,633)</u>

6.14 Related party transactions

The following loan from a shareholder existed during the period:

	2006 £000
Loan from GSL Forrest	
Balance at start of period	—
Balance at end of period	160
Maximum balance outstanding during the period	<u>160</u>

	2006 £000
Loan from JP Pither	
Balance at start of period	—
Balance at end of period	160
Maximum balance outstanding during the period	<u>160</u>

	2006 £000
Loan from S M Roberts	
Balance at start of period	—
Balance at end of period	23
Maximum balance outstanding during the period	<u>23</u>

6.15 Ultimate parent company

Kelmax is controlled by its board.

PART XII

Accountants' Report on Maximuse

The Directors
Maximuse Limited
Unit 1
Station House
Station Road
Chester-le Street
County Durham
DH3 3DU



KPMG LLP

Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

8 December 2006

Dear Sirs

Accountants' Report on the historical financial information of Maximuse Limited for the period from incorporation, 13 April 2006, to 31 August 2006

Maximuse Limited ('Maximuse')

We report on the financial information set out on pages 93 to 100. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 8 December 2006 on the basis of the accounting policies set out in note 6.1. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 6.1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document of the Company dated 8 December 2006, a true and fair view of the state of affairs of Maximuse as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 6.1 and in accordance with the applicable financial reporting framework as described in note 6.1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document of the Company and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the AIM Admission Document of the Company in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information of Maximuse for the period from incorporation to 31 August 2006

The financial information set out below of Maximuse for the period from incorporation to 31 August 2006 has been prepared by the directors of the Company on the basis set out in note 6.1.

1. Profit and loss accounts

for the period from incorporation to 31 August 2006

	Notes	2006 4 months £000
Other operating income	6.2	8
Operating profit	6.2-6.4	8
Interest payable and similar charges	6.5	(8)
Profit on ordinary activities before taxation		—
Tax on profit on ordinary activities		—
Profit on ordinary activities after taxation		—

Maximuse has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

The results of Maximuse derive from continuing operations.

2. Balance sheets

at 31 August 2006

	Notes	2006 £000
Fixed assets		
Investments	6.7	2,535
		<u>2,535</u>
Current assets		
Debtors	6.8	14
Cash at bank and in hand		104
		<u>118</u>
Creditors: amounts falling due within one year	6.9	(349)
Net current liabilities		<u>(231)</u>
Total assets less current liabilities		2,304
Creditors: amounts falling due after more than one year	6.10	(1,796)
Net assets		<u>508</u>
Capital and reserves		
Called up share capital	6.11	1
Share premium account	6.12	507
Shareholders' funds		<u>508</u>

3. Cash flow statements

for the period from incorporation to 31 August 2006

	Notes	2006 4 months £000
Cash flow from operating activities	6.13	212
Returns on investments and servicing of finance		(8)
Acquisition		(2,210)
Cash outflow before financing		(2,006)
Financing		2,110
Increase in cash in the period		104

4. Reconciliation of net cash flow to movement in net funds/(debt)

for the period from incorporation to 31 August 2006

	Notes	2006 4 months £000
Increase in cash in the period		104
Changes in net debt resulting from cash flows		104
Cash flow movement in net debt		(1,602)
Movement in net debt in the period		(1,498)
Net funds at beginning of period		—
Net debt at end of period	6.14	(1,498)

5. Reconciliation of movement in shareholders' funds

for the period from incorporation to 31 August 2006

	2006 4 months £000
Profit for the financial period	—
New share capital subscribed	508
	508
Opening shareholders' funds	—
Closing shareholders' funds	508

6. Notes

(which form part of the financial information)

6.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of Maximuse.

Basis of preparation

The financial information has been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of accounting

Trading accounts cover the period from incorporation, 13 April 2006 to 31 August 2006.

Investments

Investments in subsidiary undertakings are stated at cost.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

6.2 Profit on ordinary activities before taxation

	2006 £000
<i>Profit on ordinary activities before taxation is stated after crediting:</i>	
Management charge	<u>8</u>

6.3 Remuneration of directors

No remuneration was payable to any of the directors during the financial period.

The directors who held office at the end of the financial period had the following interests in the shares of Maximuse:

		<i>At date of appointment and end of period Number of Shares</i>
	<i>Class of share</i>	
GSL Forrest	A Ordinary £0.01	34,583
JP Pither	A Ordinary £0.01	34,583

6.4 Staff numbers and costs

There were no persons employed by Maximuse, other than the directors, during the period from incorporation to 31 August 2006.

6.5 Interest payable and similar charges

	2006 £000
On bank loans	<u>8</u>

6.6 Tax on profit on ordinary activities

No tax charge arises on the result for the period.

6.7 Fixed asset investments

	<i>Shares in subsidiary undertakings £000</i>
<i>Cost</i>	
At beginning of period	—
Additions	<u>2,535</u>
At end of period	<u>2,535</u>

The companies in which the company's interest at the year end is more than 20 per cent. are as follows:

<i>Subsidiary undertaking</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
Wensley Roofing	Roof contractors	100% ordinary

In the opinion of the directors the investments in subsidiary undertakings are worth at least the amounts stated in the balance sheet. Details of the results and net assets of Wensley Roofing are as follows:

	2006 £000
Aggregate of capital and reserves at 31 March 2006	711
Profit for the financial period from 31 December 2005 to 31 March 2006	44

6.8 Debtors

	2006 £000
Other debtors	14

6.9 Creditors: amounts falling due within one year

	2006 £000
Bank loans	131
Amounts owed to group undertakings	150
Accruals and deferred accruals	68
	349

6.10 Creditors: amounts falling due after more than one year

	2006 £000
Bank loan	1,119
Shareholder loans	352
Deferred consideration	325
	1,796

Analysis of debt:

	2006 £000
Debt can be analysed as falling due:	
In one year or less, or on demand	131
Between one and two years	262
Between two and five years	789
In five years or more	420
	1,602

Analysis of debt due in five years or more:

	2006 £000
Bank loan	68
Shareholder loans	352
	420

The bank loan is repayable over five years in equal quarterly instalments of £66,000. Interest is payable at 2.5 per cent. above LIBOR.

The bank loan is secured by a first debenture from Maximuse and its subsidiary, an assignment in security of the Keyman Policies, a cross guarantee from Isoler and Springs Roofing and a deed of postponement from each of the shareholder loans.

The shareholder loans are unsecured and interest free. They have been classed as due after five years on the basis of the above deed of postponement given as security for the bank loan.

6.11 Called up share capital

	2006 £000
<i>Authorised</i>	
100,000 A Ordinary shares of £0.01 each	1
100,000 B Ordinary shares of £0.01 each	1
	<u>2</u>
	2006 £000
<i>Allotted, called up and fully paid</i>	
79,166 A Ordinary shares of £0.01 each	1
20,834 B Ordinary shares of £0.01 each	—
	<u>1</u>

6.12 Share premium account

	2006 £000
At beginning of period	—
Premium on shares issued	507
At end of period	<u>507</u>

6.13 Reconciliation of operating profit to operating cash flows

	2006 £000
Operating profit	8
Increase in debtors	(14)
Increase/(decrease) in creditors	218
	<u>212</u>

6.14 Net debt is comprised of

	2006 £000
Cash at bank	104
Shareholder loans	(352)
Bank loan	(1,250)
Net debt	<u>(1,498)</u>

6.15 Related party transactions

The following loans from shareholders existed during the period:

	2006 £000
Loan from GSL Forrest	
Balance at start of period	—
Balance at end of period	171
Maximum balance outstanding during the period	<u>171</u>
Loan from JP Pither	
Balance at start of period	—
Balance at end of period	172
Maximum balance outstanding during the period	<u>172</u>
Loan from S Roberts	
Balance at start of period	—
Balance at end of period	9
Maximum balance outstanding during the period	<u>9</u>

6.16 Ultimate parent company

Maximuse is controlled by its board.

PART XIII

Pro Forma Statement of Net Assets

Set out below is an unaudited pro forma statement of net assets of the Group which has been prepared on the basis set out in the notes below. It has been prepared to illustrate the effect on the consolidated net assets of the Group had the Placing and Admission taken place on 31 March 2006. The unaudited pro forma statement of net assets, because of its nature, addresses a hypothetical situation and therefore may not give a true picture of the actual financial position of the Group on Admission.

The pro forma statement of net assets is based on the audited financial statements of the Acquired Subsidiaries, Ron Gone and Dudley Wilson for the period ended 31 March 2006, the audited financial statements of Kelmax Roofing and Maximuse for the periods ended 31 August 2006 and adjusted for items disclosed in notes 10 and 11 below.

	<i>Isoler⁽¹⁾</i> £000	<i>Roof Truss⁽²⁾</i> £000	<i>Springs⁽³⁾</i> £000	<i>Wensley⁽⁴⁾</i> £000	<i>Ron Gone⁽⁵⁾</i> £000	<i>Dudley Wilson⁽⁶⁾</i> £000	<i>Kelmax⁽⁷⁾</i> £000	<i>Maximuse⁽⁸⁾</i> £000	<i>Consol adjs⁽¹⁰⁾</i> £000	<i>Net funds raised⁽¹¹⁾</i> £000	<i>Total</i> £000
Fixed assets											
Tangible assets	52	1,021	170	156	—	—	—	—	—	—	1,399
Intangible assets	—	—	—	—	—	—	—	—	3,960	—	3,960
Investments	—	11	—	—	1,686	1,344	3,745	2,535	(9,310)	—	11
	<u>52</u>	<u>1,032</u>	<u>170</u>	<u>156</u>	<u>1,686</u>	<u>1,344</u>	<u>3,745</u>	<u>2,535</u>	<u>(5,350)</u>	<u>—</u>	<u>5,370</u>
Current assets											
Stocks	5	26	50	65	—	—	—	—	—	—	146
Debtors	867	829	749	1,279	—	13	—	14	(1,057)	—	2,694
Cash at bank and in hand	79	1	927	172	67	—	160	104	(727)	1,521	2,304
	<u>951</u>	<u>856</u>	<u>1,726</u>	<u>1,516</u>	<u>67</u>	<u>13</u>	<u>160</u>	<u>118</u>	<u>(1,784)</u>	<u>1,521</u>	<u>5,144</u>
Creditors: amounts falling due within one year ⁽¹²⁾	(258)	(598)	(898)	(830)	(615)	—	(968)	(349)	—	—	(4,516)
Net current assets/(liabilities)	<u>693</u>	<u>258</u>	<u>828</u>	<u>686</u>	<u>(548)</u>	<u>13</u>	<u>(808)</u>	<u>(231)</u>	<u>(1,784)</u>	<u>1,521</u>	<u>628</u>
Total assets less current liabilities	<u>745</u>	<u>1,290</u>	<u>998</u>	<u>842</u>	<u>1,138</u>	<u>1,357</u>	<u>2,937</u>	<u>2,304</u>	<u>(7,134)</u>	<u>1,521</u>	<u>5,998</u>
Creditors: amounts falling due after more than one year ⁽¹²⁾	—	(666)	(34)	(126)	(1,118)	(767)	(1,764)	(1,796)	1,784	—	(4,487)
Provisions for liabilities and charges	(4)	(27)	(3)	(5)	—	—	—	—	—	—	(39)
Net assets	<u>741</u>	<u>597</u>	<u>961</u>	<u>711</u>	<u>20</u>	<u>590</u>	<u>1,173</u>	<u>508</u>	<u>(5,350)</u>	<u>1,521</u>	<u>1,472</u>

Notes:

- The net assets information for Isoler has been extracted without material adjustment from the audited financial statements of Isoler Limited for the 12 month period ended 31 March 2006, as set out in Part V of this document.
- The net assets information for Roof Truss has been extracted without material adjustment from the audited financial statements of Roof Truss for the 9 month period ended 31 March 2006, as set out in Part VI of this document.
- The net assets information for Springs Roofing has been extracted without material adjustment from the audited financial statements of Springs Roofing for the 11 month period ended 31 March 2006, as set out in Part VII of this document.
- The net assets information for Wensley Roofing has been extracted without material adjustment from the audited financial statements of Wensley Roofing for the period ended 31 March 2006, as set out in Part VIII of this document.
- The net assets information for Ron Gone has been extracted without material adjustment from the audited financial statements of Ron Gone for the period ended 31 March 2006, as set out in Part IX of this document.
- The net assets information for Dudley Wilson has been extracted without material adjustment from the audited financial statements of Dudley Wilson for the period ended 31 March 2006, as set out in Part X of this document.
- The net assets information for Kelmax has been extracted without material adjustment from the audited financial statements of Kelmax Roofing for the period ended 31 August 2006, as set out in Part XI of this document.
- The net assets information for Maximuse has been extracted without material adjustment from the audited financial statements of Maximuse for the period ended 31 August 2006, as set out in Part XII of this document.
- The net assets statements of Northern Bear and Floor Joist have not been included in the pro forma statement of net assets on the grounds of immateriality.
- For the purposes of the pro forma net asset statement, consolidation adjustments (Consol Adjs) relate to the Ron Gone / Isoler and the Dudley Wilson / Roof Truss sub-consolidations at 31 March 2006, and the Kelmax / Springs and the Maximuse / Wensley sub-consolidations which would have arisen, had the acquisitions of Springs and Wensley occurred at 31 March 2006 respectively. Kelmax acquired Springs in July 2006 and Maximuse acquired Wensley in August 2006 and so the actual consolidation entries will be different to those presented in the pro forma above. Consol adjs also includes the consolidation adjustment necessary to reflect the level of share capital in Northern Bear.
- Net funds raised relate to the proceeds from the Placing of £2.42 million less estimated deal costs of £0.9 million.
- Creditors include £4.2 million of bank loans and mortgages. Revised banking arrangements, effective from Admission replace these facilities with a £1.7 million five year term loan, £0.6 million ten year term loan and a £2 million revolving credit facility.

PART XIV

Risk Factors

Potential investors should carefully consider the risks described below, in the light of the information in this document and their personal circumstances, before making any decision to invest in Ordinary Shares. An investment in Ordinary Shares may not be suitable for all recipients of this document. An investment in Ordinary Shares is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If any of the risks described should actually occur, the Company could be materially affected. In such circumstances, the price of the Ordinary Shares may fall and you could lose all or part of your investment. If you are in any doubt about the action you should take, you should consult a professional advisor authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The risk factors summarised below are not intended to be exhaustive and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company.

Risk Factors relating to the Group

The following paragraphs of this Part XIV contain what the Directors believe to be some of the principal risk factors involved in an investment in the Ordinary Shares. The nature of the building services business means that the Company is subject to a number of risk factors. Some of these factors apply to the building services industry generally, while others are specific to the Group's activities within that market.

1. *Investment objectives*

There can be no guarantee that the strategy of the Company will be achieved.

2. *Economic stability*

The success of an investment in the Company depends, in part, on the stability of the economic situation in the North East of England and the continued construction of new housing. If house prices in the North East of England decline, there is a possibility that the Group's customers would attempt to reduce their operating margins and this could reduce the profitability of the Group.

3. *Key clients*

There can be no guarantee that the Group's clients will not change suppliers.

4. *Bank covenants*

If the building industry in the North East of England were to experience a significant slow down, certain of the Group Companies might be unable to repay any existing or future bank loans, and/or breach banking covenants contained in the facility letters relating to these loans, subjecting the Group to additional direct and indirect costs and potentially affecting its ability to operate as a going concern.

5. *Dependence on personnel*

The Group is dependent on the principal members of its management. Retaining qualified personnel, consultants and advisers will be important to the Company's success. There can be no assurance that the Group will be able to recruit or retain its personnel on acceptable terms given the competition for such personnel from competing businesses. The loss of any of the Group's personnel could impede the achievement of its objectives.

6. *Other risk factors*

Other risks include delays in construction work, insolvency of developers, labour disputes, shortages of materials, accidents or unforeseen technical difficulties, which may or may not be under the Group's control. Occurrence of any of these may cause a loss of income.

General Risk Factors

1. *Investment in AIM quoted securities, share price volatility and liquidity*

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. AIM has been in existence since 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. It is possible that an active trading market may not develop and continue upon completion of the Placing. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

As a result of fluctuations in the market price of Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Placing Price, or at all. Investors may therefore realise less than, or lose all of, their investment.

The price at which the Ordinary Shares are quoted and the price at which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some of which may affect the quoted building services sector or quoted companies generally and which are outside the Company's control. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes in the fund-management industry, changes in the construction industry, general economic, political or regulatory conditions, or changes in market sentiment towards the Ordinary Shares.

2. *Environmental risks*

The Group and its third party contractors are subject to laws, regulations and policies relating to environmental protection, disposal of hazardous or potentially hazardous substances, healthy and safe working conditions, manufacturing practices and fire hazard control. There can be no assurance that the Group will not be required to incur significant costs to comply with future laws, regulations and policies relating to these or similar matters. The risk of accidental contamination or injury from certain materials cannot be eliminated. In the event of such an accident, the Group could be held liable for any damage that results and any such liability could exceed the resources of the Group.

3. *Regulatory risks*

Changes in government regulations or enforcement policies could impose more stringent requirements on the Group and its rivals, compliance with which could adversely affect their businesses. Failure to comply with applicable regulatory requirements could result in enforcement action, including withdrawal of marketing authorisation, injunction, seizure of products and liability for civil and/or criminal penalties.

4. *Taxation*

Any change in the Company's tax status or in tax legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. The taxation of an investment in the Company depends on the individual circumstances of investors.

5. *Shares available for future sale*

The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market prior to or following termination of the restrictions set out in the lock-in arrangements (the terms of which are set-out in paragraph 9(v) of Part XV of this document). Any sales of such substantial amounts of Ordinary Shares in the open market, or the perception that such sales might occur, could materially and adversely affect the market price of the Ordinary Shares.

6. *Additional requirements for cash*

Although the Directors believe that together with the proceeds of the Placing, Northern Bear has sufficient working capital for its current requirements, it may be necessary for the Group to raise further funds in the future, which could be by way of the issue of Ordinary Shares on a non pre-emptive basis which would result in the dilution of the interests of shareholders at that time of such issue. There can be no guarantee that such a further fund-raising or any type of fundraising would be successful and the development and growth of the business of the Group may be constrained if it is not successful if it is not successful in such fund raising, or if funds are raised on unfavourable terms.

7. Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Such statements include, amongst other things, statements regarding the Company's or management's beliefs, expectations, estimations, plans, anticipations and similar statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and there can be no assurance that the results and events contemplated by such forward-looking statements will, in fact, occur. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, or to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, save as required to comply with any legal or regulatory obligations (including the AIM Rules).

Certain risks to and uncertainties for the Group are specifically described in this Part XIV. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by applicable law, whether as a result of new information, future events or otherwise.

Investors should consider carefully whether investment in the Company is suitable for them, in view of the risk factors outlined above and the information contained in this document, their personal circumstances and the financial resources available to them.

Part XV

Additional Information

1. Responsibility

- (a) The Company (whose name and registered office appear on page 3 of this document) and the Directors of the Company (whose names appear on page 3 of this document under the heading “Directors”), accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.
- (b) KPMG LLP whose registered office is 8 Salisbury Square, London, EC4Y 8DB has given and not withdrawn its written consent to the inclusion of its reports on the Company and the Subsidiaries in the form and in the context set out in Parts IV to XII (inclusive) of this document and the references to those reports in the form and context in which they appear and has not become aware, since the date of those reports, of any matter affecting the validity of those reports and that date and has authorised the contents of IV to XII (inclusive) of this document. KPMG LLP has no material interest in the Company.
- (c) KPMG LLP, whose registered office is 8 Salisbury Square, London, EC4Y 8DB, accepts responsibility for the information contained in Parts IV to XII (inclusive) of this document. To the best of the knowledge and belief of KPMG LLP (which has taken all reasonable care to ensure that such is the case) the information contained in Parts IV to XII (inclusive) of this document is in accordance with the facts and makes no omission likely to affect the import of such information.

2. The Company

- (a) The Company was incorporated in England and Wales on 13 April 2006 under registered number 5780581 as a private company limited by shares with the name Northern Bear Limited. The Company re-registered as a public company limited by shares on 30 November 2006, pursuant to section 43 of Act, under the name Northern Bear PLC.
- (b) The principal legislation under which the Company was formed and now operates is the Act and the regulations made under the Act.
- (c) The liability of the members of the Company is limited.
- (d) The Company’s registered office is Unit 1, Station House, Station Road, Chester-le-Street, County Durham DH3 3DU. The Company’s principal place of business is at its registered office address. The Company’s telephone number is 0191 371 2934.
- (e) The Company trades under the name Northern Bear.
- (f) The Company’s principal activity is that of a holding company. At Admission, it will become the parent company of each Subsidiary. Further information relating to the Subsidiaries is set out in paragraph 5 of this Part XV.

3. Share capital

- (a) The following table shows the authorised and issued share capital of the Company as at 30 April 2006, immediately before Admission and as it will be immediately following Admission and the Placing (assuming all the Placing Shares are issued and completion of the transactions which are the subject of the Share Exchange Agreements):

As at 30 April 2006

Authorised		Issued	
Nominal Value	Number of ordinary shares of £1.00	Nominal Value	Number of ordinary shares of £1.00
£100	100	£1.00	1 (fully paid)

Immediately Before Admission

Authorised			Issued		
	<i>Number of</i>	<i>Number of</i>		<i>Number of</i>	<i>Number of</i>
<i>Nominal Value</i>	<i>Ordinary</i>	<i>Redeemable</i>	<i>Nominal Value</i>	<i>Ordinary</i>	<i>Redeemable</i>
	<i>Shares</i>	<i>Shares</i>		<i>Shares</i>	<i>Shares</i>
£550,000	50,000,000	50,000	£51,751	175,100	50,000
				(all fully paid)	(all fully paid)

After Admission

Authorised			Issued		
<i>Nominal Value</i>	<i>Number of Ordinary Shares</i>	<i>Number of Redeemable Shares</i>	<i>Nominal Value</i>	<i>Number of Ordinary Shares</i>	<i>Number of Redeemable Shares</i>
£550,000	50,000,000	50,000	£112,930.19	11,293,019 (all fully paid)	nil

- (b) Immediately following Admission (assuming that all of the Placing Shares are issued and completion of the transactions which are the subject of the Share Exchange Agreements) the Company's authorised but unissued share capital will be £437,069.81.
- (c) The holders of Existing Shares will be diluted by the issue of the 11,117,919 Ordinary Shares. The effective dilution rate (assuming none of those holders participate in the Placing, that all of the Placing Shares are issued and completion of the transactions which are the subject of the Share Exchange Agreements) is 98.43 per cent.
- (d) None of the share capital of the Company has been paid for with assets other than cash within the period beginning on 13 April 2006 and ending on 8 December 2006.
- (e) The issued share capital of the Company, as at the date of its incorporation, comprised one ordinary share of £1.00. The following changes in the authorised and issued share capital of the Company have occurred between 13 April 2006 and the date of this document:
- On 29 November 2006, the Company sub-divided each issued and unissued ordinary share of £1.00 into 100 Ordinary Shares and increased the Company's authorised share capital from £100 to £550,000 by the creation of an additional 49,990,000 Ordinary Shares and by the creation of 50,000 Redeemable Shares.
 - On 29 November 2006, the Company allotted and issued 175,000 Ordinary Shares at a subscription price of £0.01 per Ordinary Share. The Ordinary Shares were allotted to R Stanley at par in recognition of R Stanley's assistance in procuring finance in connection with Maximuse's acquisition of Wensley Roofing.
 - On 29 November 2006, the Company allotted and issued 30,000 Redeemable Shares to J Pither and 20,000 Redeemable Shares to G Forrest, in each case at a subscription price of £1.00 per share.
- (f) The Redeemable Shares referred to in paragraph 3(e)(iii) were allotted and issued upon the condition that, subject to the provisions of the Act, they are to be redeemed by the Company by the earlier of 31 December 2006 and the date of Admission.
- (g) The Company has, pursuant to the Share Exchange Agreements, agreed to allot and issue a further 8,366,786 Ordinary Shares. The Directors were empowered pursuant to Section 95 of the Act, to allot such shares pursuant to resolutions passed on 29 November 2006.

- (h) Pursuant to a warrant instrument executed as a deed on 8 December 2006 by the Company and DDCF, DDCF is entitled to subscribe for 55,023 Ordinary Shares (representing 2 per cent. of the Placing Shares). The principal terms on which the warrant may be exercised are:
 - (i) it is exercisable at the Placing Price;
 - (ii) it is exercisable at any time following the first anniversary of Admission up to the third anniversary of Admission; and
 - (iii) it is not transferable save to other members of DDCF's group of companies and only DDCF's entire entitlement under the Warrant Instrument may be transferred and not part only.
- (i) By resolutions passed on 29 November 2006 it was resolved that, conditional upon Admission:
 - (i) the directors of the Company were authorised, pursuant to section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £81,250, such authority to expire on the date of the annual general meeting of the Company to be held in 2007 or (if later) 15 months following the date of passing of the resolution and to enable enables the directors to allot relevant securities after that date in pursuance of an offer or agreement entered into prior to such date;
 - (ii) the directors of the Company were empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 (2) of the Act) for cash pursuant to the authority conferred under paragraph 3(i)(i) above, as if section 89(1) of the Act did not apply to any such allotment, provided that such power was to be limited to:
 - (A) the allotment of the Placing Shares;
 - (B) the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares (subject to such exclusions or other arrangements as the directors of the Company may feel necessary of expedient to deal with fractional entitlements or legal or practical problems under the laws of and requirements of any recognised regulatory body or, or any stock exchange in, any territory); and
 - (C) (otherwise than pursuant to paragraphs 3(i)(ii)(A) and (B) above) the allotment of equity securities up to an aggregate nominal value of £6,250;

and such authority will expire the date of the annual general meeting of the Company to be held in 2007 or (if later) 15 months following the date of passing of the resolution and enables the directors to allot equity securities after such date in pursuance of an offer or agreement entered into prior to such date.
- (j) 2,751,133 Placing Shares are to be allotted and issued pursuant to the Placing. A further 8,366,786 Ordinary Shares will be allotted pursuant to the Share Exchange Agreements. The legislation under which the Placing Shares have been created is the Act and regulations made under the Act. The Placing Shares are denominated in sterling.
- (k) The Placing Shares will be in registered form. They will be capable of being held in certificated form or in uncertificated form and traded on CREST. The records in respect of shares held in uncertificated form will be maintained by CRESTCo and the Registrars.
- (l) The Placing Shares, to be allotted and issued pursuant to the Placing and the Share Exchange Agreements, will rank *pari passu* in all respects with the Existing Shares including (without limitation to the generality of the foregoing) in relation to voting rights and the right to receive all dividends or other distributions declared, paid or made after Admission.
- (m) Save as disclosed in this paragraph 3:
 - (i) there has been no alteration in the share capital of the Company;

- (ii) no share or loan capital of the Company or of any other member of the Group has been issued or agreed to be issued (apart from intra-Group issues by subsidiaries) for cash or otherwise;
 - (iii) except pursuant to the Placing, no commissions, discounts, brokerages or other special terms have been granted by the Company or by any other member of the Group in connection with the issue or sale of any such share or loan capital;
 - (iv) no capital of the Company or of any other member of the Group is under option or agreed conditionally or unconditionally to be put under option (save for the grant of options under the Share Option Schemes and the allotment and issue of Ordinary Shares pursuant to options already granted under the Share Option Schemes);
 - (v) no founder, management or deferred shares have been issued; and
 - (vi) there is no present intention to issue any of the authorised but unissued share capital of the Company or to utilise any of the authorities referred to in paragraph 3(h) of this Part XV.
- (n) Except to the extent disapplied pursuant to section 95 of the Act (as presently set out in paragraph 3(i)(ii) above) the provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act)) which are, or are to be, paid up in cash will apply to the authorised but unissued share capital of the Company.

4. Share Options

- (a) The Company has adopted the 2006 Enterprise Management Incentive Scheme (the “EMI Scheme”) and the 2006 Unapproved Share Option Scheme (the “Unapproved Scheme”).

(i) *The EMI Scheme*

The EMI Scheme is a share option scheme which is intended to qualify for Enterprise Management Incentives relief under Schedule 5 of the Income Tax (earnings and Pensions) Act 2003. Options may be granted under the EMI Scheme by the Board. The principal features of the EMI Scheme are:

(A) *Eligibility*

Any person who is an employee or an executive director of a Group Company and who devotes 25 hours a week to the business of the Group or, if less, 75 per cent. of their working time (“Eligible Employees”), will be eligible to participate in the EMI Scheme. The Board, in its absolute discretion, shall determine which Eligible Employees are invited to participate in the EMI Scheme.

(B) *Grant of Options*

The terms of the EMI Scheme will allow the Board or the trustee of any employee share ownership trust which may be established from time to time (the “Grantor”) to grant options to Eligible Employees at any time before the tenth anniversary of the date of adoption of the EMI Scheme.

Options granted on or after Admission shall, except in exceptional circumstances as determined by the Board, be subject to the satisfaction of objective performance conditions imposed by the Board so that they may not be exercised until the condition has been satisfied. The Board intends that options granted before Admission shall not be subject to the achievement of performance conditions.

A performance condition shall not be capable of amendment or waiver unless events happen which cause the Board to consider that the performance condition has ceased to be appropriate, whereupon it may be amended, relaxed or waived (provided that in the opinion of the Board the varied performance condition is materially no more difficult to satisfy than when originally imposed).

(C) *Exercise Price*

The exercise price for an option will be determined by the Grantor, but may not be less than the nominal value of the share in the case of options to subscribe. It is proposed that the first grant of options under the EMI Scheme will have an exercise price equal to the Placing Price and, thereafter, options shall be granted with an exercise price equal to the closing middle market quotation of a share as derived from the Daily Official List for the dealing day immediately preceding the date of grant.

(D) *Limitation on Grants*

Under current legislation, an option may only be granted under the EMI Scheme to an Eligible Employee provided that the aggregate market value of shares subject to the option and any other EMI options granted previously granted to an Eligible Employee (measured at the date(s) of grant) does not exceed £100,000 and that the aggregate market value for all subsisting EMI options granted by the Company does not exceed £3 million.

In respect of any option granted on or after Admission, an Eligible Employee may not be granted options in any annual period over shares with a total market value (measured at the date of grant) in excess of twice his remuneration at the relevant date of grant in normal circumstances and four times his remuneration in exceptional circumstances, as determined by the Board.

Options may be granted over newly issued or existing Ordinary Shares. In addition, to the extent permitted by law and limits contained within the EMI Scheme rules, the Company may use treasury shares for the satisfaction of options granted under the EMI scheme. To the extent that new Ordinary Shares are to be issued to satisfy options granted under the EMI Scheme, the aggregate number that may be capable of issue on exercise, when added to the number of Ordinary Shares issued or issuable pursuant to subsisting options to subscribe granted after Admission and in the preceding ten years under any other employees' share scheme of the Company shall not, on the date of grant, exceed 10 per cent. of the Company's issued ordinary share capital (and 5 per cent. in relation to options granted under discretionary schemes).

For the purposes of the above limits, shares issued and issuable include treasury shares and shares issued to the trustees of an employee share ownership trust for the EMI Scheme.

(E) *Exercise of Options*

An option granted under the EMI Scheme will generally only be exercisable after a minimum period of three years from the date of grant (provided that any performance conditions have been satisfied), save for options granted before Admission (in which case an option will normally become exercisable as to 50 per cent. of the shares on the second anniversary and the remaining 50 per cent. on the third anniversary of Admission).

If an option holder ceases employment by reason of injury, ill health, disability or retirement his option will become exercisable for a period of 40 days from the date of cessation, following which his option will lapse.

If any option holder dies, his option may be exercised by his personal representatives for a period of 6 months following his death (or such longer period not exceeding one year, as determined by the Board). At the end of this period, his option shall lapse.

If an option holder ceases employment for a reason other than as set out above his option will become exercisable only at the absolute discretion of the Board (in which case the Board shall determine the period of time the option remains capable of exercise and at the end of this period an option shall lapse). If the Board does not exercise such discretion his option will lapse immediately.

Where an option holder ceases employment in the circumstances at set out above, an option may only be exercised if the performance conditions have been satisfied.

An option will also become capable of exercise if the Company is taken over, wound up or if there is a scheme of reconstruction (provided that any performance conditions have been satisfied).

Options may not be exercised in any event more than ten years after the date of grant. Options may be exercised in whole or in part.

An option holder shall be required to indemnify his employer company in respect of any tax or employees' social security contributions arising in respect of the option. The rules of the EMI Scheme will allow the Board the discretion to transfer the employer's social security contributions to the option holder although the Board do not envisage that this will be the case in relation to the first grant of options under the EMI Scheme.

(F) *Takeover, reconstruction and winding-up*

On a change of control or any external reconstruction, liquidation, amalgamation, demerger or winding-up of the Company (a "Relevant Event"), options will become capable of exercise. Where there is a takeover of the Company, options may by agreement between the offeror and the option holder be exchanged for options over the shares of the offeror.

(G) *Variation of share capital*

If there is a variation of the share capital of the Company (including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital) or a capital distribution, demerger or other relevant event, the Board may make such adjustments as it considers appropriate to the exercise price and/or number of shares under option.

(H) *Amendments to the Scheme Rules and terms of the options*

The Board may amend the EMI Scheme rules, provided that no amendments to the provisions relating to eligibility, scheme limits, share rights and adjustments that may be made following a variation of the share capital can be made to the advantage of option holders without the prior approval of shareholders in a general meeting except for minor amendments to benefit the administration of the EMI Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any Group Company. No amendments may operate to adversely affect any rights acquired by an option holder without their prior consent.

(I) *Termination of the Scheme*

The EMI Scheme will terminate on the tenth anniversary of the date of adoption or on any earlier date on which the Board determines that the EMI Scheme should be terminated. The termination of the EMI Scheme will not affect any existing grants of options made under the EMI Scheme.

(ii) *Unapproved Scheme*

The Unapproved Scheme is constituted by a schedule to the EMI Scheme Rules. The Unapproved Scheme is similar to the EMI Scheme except that:

- (A) options granted under the Unapproved Scheme do not qualify for tax favourable treatment;
- (B) the £100,000 limit outlined in 4 above does not apply; and
- (C) the eligibility requirements under the EMI Scheme for an employee to work 25 hours a week or 75 per cent. of their working time do not apply to options granted under the Unapproved Scheme.

- (b) The Company has granted options (pursuant to the terms of the EMI Scheme) in respect of the following number of Ordinary Shares:

<i>Date of Grant</i>	<i>No. of Ordinary Shares subject to option</i>	<i>Exercise price per Ordinary Share</i>
6 December 2006	625,000	£0.88

5. Subsidiaries

Following completion of the acquisitions which are the subject of the Share Exchange Agreements, the following undertakings will become subsidiaries of the Company (all of which were incorporated in England):

<i>Name</i>	<i>Field of activity</i>	<i>Proportion of capital held</i>	<i>Registered Office</i>
Ron Gone Limited	Non-trading	100%	Unit 2, Lee Close, Pattinson North Industrial Estate, Washington, Tyne & Wear, NE38 8QA
Isoler Limited	Fire protection contractor	100%	Unit 2, Lee Close, Pattinson North Industrial Estate, Washington, Tyne & Wear, NE38 8QA
Dudley Wilson Limited	Non-trading	100%	Site 2a Rainhill Close, Stephenson Industrial Estate, Washington, NE37 3HN
The Roof Truss Company (Northern) Limited	Manufacture and supply of roof trusses	100%	Site 2a Rainhill Close, Stephenson Industrial Estate, Washington, NE37 3HN
The Floor Joist Company (Northern) Limited	Manufacture and supply of floor joists	100%	Site 2a Rainhill Close, Stephenson Industrial Estate, Washington, NE37 3HN
Kelmax Roofing Limited	Non-trading	100%	Kimbleworth Industrial Estate, Kimbleworth, Chester-le-Street, County Durham, DH2 3QT
Springs Roofing Limited	Roofing contractor	100%	Kimbleworth Industrial Estate, Kimbleworth, Chester-le-Street, County Durham, DH2 3QT
Maximuse Limited	Non-trading	100%	Unit 1, Station House, Station Road, Chester-le-Street, County Durham, DH3 3DU
Wensley Roofing Limited	Roofing contractor	100%	Unit 1, Station House, Station Road, Chester-le-Street, County Durham, DH3 3DU
Prosafe Consultants Limited	Dormant	100%	Unit 1, Station House, Station Road, Chester-le-Street, County Durham, DH3 3DU

6. Memorandum and articles of association

- (a) The Memorandum of Association of the Company provides that the Company's principal object is to act as a holding company and a general commercial company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association.

(b) The Articles contain *inter alia*, provisions to the following effect.

(i) *Voting Rights*

At general meetings of the Company, on a show of hands, every member holding Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote and on a poll every member present in person or by proxy shall have one vote for every Ordinary Share held by him. On a poll votes may be given either personally or by proxy.

The Redeemable Shares carry no right to vote at any general meeting of the Company.

(ii) *Alteration of capital*

(A) The Company may from time to time by ordinary resolution:

- (I) increase its capital as the resolution shall prescribe,
- (II) consolidate and divide all or any of its shares into shares of larger amount;
- (III) sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- (IV) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(B) The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

(iii) *Variation of Rights*

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting.

(iv) *Purchase of Own Shares*

Subject to the provisions of the Act and to the sanction by an extraordinary resolution passed at a separate class meeting of the holders of any convertible shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

As noted in paragraph 3(f) of this Part XV, the Redeemable Shares were issued on the condition that, subject to the Act, they are to be redeemed by the Company by the earlier of 31 December 2006 and Admission.

(v) *Transfer of Shares*

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

(vi) *Dividends and other distributions*

A holder of Redeemable Shares is entitled to receive a fixed dividend at the rate of 0.01 per cent. per annum on the nominal amount of the Redeemable Shares held by him, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 days of the end of such period.

The Company may by ordinary resolution declare other dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All such dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed by a member on at least two consecutive occasions. The Company shall recommence sending cheques or dividend warrants if the member claims the dividend or cashes a dividend warrant or cheque.

In a winding up, the liquidator may, with the sanction of an extraordinary resolution and subject to the Insolvency Act 1986, divide among the members *in specie* the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

(vii) *Restrictions on Shares*

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 212 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board may serve on such member or on any such person a notice (“a disenfranchisement notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company.

Where default shares represent at least 0.25 per cent. of the class of shares concerned the disenfranchisement notice, any dividend or other money payable by the Company in respect of the default shares shall be retained by the Company (without liability to pay interest) and no transfer of any of the shares held by the member shall be registered unless the member himself is not in default as regards supplying the information required and the member proves (to the satisfaction of the Board) that no person in default is interested in any shares which are the subject of the transfer. The prescribed period referred to above means 14 days from the date of service of the notice under Section 212 where the default shares represent at least 0.25 per cent. of the class of shares concerned and 28 days in all other cases.

(viii) *General Meetings*

- (A) The quorum for a general meeting of the Company is two persons authorised to attend and vote on the business to be transacted (being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member.)

- (B) The Chairman of the Board (or his deputy or another director chosen by the Board, if the Chairman is not present) presides over such meetings.
- (C) A director may attend and speak at a general meeting notwithstanding the fact that he may not be a member.
- (D) A resolution put to a meeting shall be decided on a show of hands, unless a poll is demanded. A poll may be demanded by the Chairman or at least 5 members (present in person or by proxy) or by members (present in person or by proxy) representing not less than one tenth of all voting rights. On a show of hands, every member present shall have one vote. On a poll every member present in person or by proxy shall have one vote for each share of which he is a holder. In the case of an equality of votes, the chairman of the meeting shall have a casting vote.

(ix) *Directors*

- (A) At every annual general meeting of the Company as near as possible (but greater than) one third of the directors for the time being shall retire by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected directors on the same day, shall, unless they otherwise agree, be determined by lot.
- (B) Save as provided in paragraph (C) below, a director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the directors concerning a matter in which he has an interest which together with any interest of any person connected with him is to his knowledge a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.
- (C) The prohibition in paragraph (B) above shall not apply to a director in relation to any of the following matters, namely:
 - (I) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company or any of its subsidiaries;
 - (II) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security;
 - (III) the subscription for or underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its subsidiaries by him;
 - (IV) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital or the voting rights in such company;
 - (V) any resolution relating to an arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not provide in respect of any director as such any privilege or benefit not accorded to the employees to whom the arrangement relates; and
 - (VI) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which he may benefit.
- (D) The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £50,000 per annum or such higher amount

as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as directors. Any director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The directors may pay pensions and other benefits to, *inter alia*, present and past employees and directors and may set up and maintain schemes for the purpose.

- (E) The provisions of Section 293 of the Act relating to the mandatory retirement of directors at age 70 do not apply to the Company.
- (F) Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be less than two nor more than twelve.
- (G) A director shall not be required to hold any shares of the Company by way of qualification.

(x) *Borrowing Powers*

The directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether, outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards subsidiaries as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final payment) for the time being outstanding of all monies borrowed by the Company and its subsidiaries and for the time being owing to third parties shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to four and half times the Adjusted Capital and Reserves (as defined in the Articles).

7. **Directors' and others' interests**

- (a) The interests (all of which are beneficial) of the Directors and persons connected with them (which expression shall be construed in accordance with section 346 of the Act) in the issued share capital of the Company (as notified to the Company pursuant to section 324 or section 328 of the Act or which are required to be entered in the register maintain under section 325 of the Act), both at the date of this document and following Admission, are and will be as follows:

	<i>At the date of this document</i>			<i>Following Admission^{1,2}</i>		
	<i>No. of Ordinary Shares</i>	<i>% of Existing Shares</i>	<i>No. of Redeemable Shares</i>	<i>No. of Ordinary Shares</i>	<i>% of issued Ordinary Share capital</i>	<i>No. of Redeemable Shares</i>
J P Pither G S L Forrest S M Roberts	—	—	25,000	2,474,914	21.92	—
M Yeoman	100	0.00	25,000	2,635,014	23.33	—
R Stanley	—	—	—	750,000	6.64	—
	—	—	—	—	—	—
	175,000	100.00	—	175,000	1.55	—

Notes:

1. Assuming all Placing Shares are allotted and completion of the transactions which are the subject of the Share Exchange Agreements.
2. Assuming all issued Redeemable Shares are redeemed, as set out in paragraph 3(f) of this Part XV.

Save as disclosed above, none of the Directors or any persons connected with them (within the meaning of section 346 of the Act) has any interest (whether beneficial or non-beneficial) in the share capital of the Company.

- (b) The Company has been notified of the following persons (other than those referred to in paragraph 6(a) above) who hold interests (as defined in Part VI of the Act) of 3 per cent. or more of the issued share capital of the Company at the date of this document and following the Placing:

	<i>At the date of this document</i>		<i>Following Admission¹</i>	
	<i>No. of Ordinary Shares</i>	<i>% of Existing Shares</i>	<i>No. of Ordinary Shares</i>	<i>% of issued ordinary share capital</i>
Kevin Gray	—	—	700,048	6.20%
Jeff Lightle	—	—	630,432	5.58%
Keith Muldoon	—	—	508,992	4.51%
Keith Soulsby	—	—	371,875	3.29%
Bell Lawrie	—	—	552,272	4.89%
Noble Group	—	—	454,545	4.03%
Singer and Friedlander	—	—	906,250	8.02%

Notes:

1. Assuming all Placing Shares are allotted and completion of the transactions which are the subject of the Share Exchange Agreements.
- (c) Save as set out in paragraphs 7(a) and 7(b) above, the Directors are not aware of any other interests (within the meaning of Part VI of the Act) which would represent 3 per cent. or more of the Company's issued Ordinary Shares or of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company and, so far as the Directors are aware, there are (save as may be disclosed in this document) no arrangements in place which likely to result in a change of control of the Company.
- (d) The Company and the Directors are not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.
- (e) The persons referred to in paragraphs 7(a) and (b) of this Part XV, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.
- (f) Other than directorships of Group companies, the Directors' current directorships and partnerships and directorships/partnerships held during the last 5 years are set out below:

<i>Name</i>	<i>Other directorships/partnerships currently held</i>	<i>Former directorships (held within last 5 years)</i>
J P Pither	Argenta Holdings Plc	Barncross Limited
	Active Capital Trust plc	Corporate Synergy Group plc
	Aortech International Plc	Crossway Marketing Limited
	Argenta Holdings Plc	Ellegance Limited
	Boldappeal Limited	Enterprise North plc
	Chaco Resources Plc	Eurokit UK Limited
	Corpex Limited	Fenns Bank Estates Limited
	Creative Entertainment Group plc	Galatias Ace plc
	Creative Entertainments Events Limited	Healthsource Limited
	Hamilton Laird Consulting Limited	Lady in Leisure Group plc ¹
	Jourdan plc	Locksource Limited
	Nailport Limited	Metnor Group plc
	St Helens Capital Plc	Phoenix Healthclubs Ltd
	St Helens Private Equity Plc	Polymetal Limited
	Surrey Management Services Limited	Premier Books (UK) Limited
	Tanfield Group plc	Premier Direct Group plc
	The AIM VCT plc	Random Number Lottery Limited
	The Alumasc Group plc	Soundworth Limited
	Transense Technologies plc	Sourceunit Limited
		Ultimate Leisure Group plc
		World Telecom plc ²

<i>Name</i>	<i>Other directorships/partnerships currently held</i>	<i>Former directorships (held within last 5 years)</i>
G S L Forrest	Barncross Limited ³ Boldappeal Limited Crossway Marketing Limited Ellegance Limited Nextmotor Limited ¹ Smallbear Limited Soundworth Limited	Audioband Services Limited ¹ Enterprise North plc Foodback Services Limited ¹ Geartop Limited ¹ Hazeage Limited ² Inventboard Limited ¹ Lady In Leisure Group PLC ¹ Lasertop Limited ¹ Locksource Limited Phoenix Health Clubs Ltd Reviseright Limited ¹ Simpleunit Limited ¹ Sourceunit Limited ¹ Trendtest Trading Limited ¹ Trendtwice Limited ¹
S M Roberts	Begbies Trayner North LLP McInnes Corporate Finance LLP Morris & Son (Holdings) Ltd Morris & Son (Leeds) Ltd	Definite Order Limited BTG Consulting Ltd Efforsenrab (153) Limited Efforsenrab (149) Limited Efforsenrab (150) Limited Efforsenrab (151) Limited Efforsenrab (152) Limited Fox Lloyd Jones Limited MCF Corporate Finance Limited
M Yeoman	Bright Futures Group plc Enterprise North plc Enables it Ltd NCI Solutions Ltd Powamatique Limited Springtime Consultants Limited	Active Golf Products Limited Pacemaker EV Limited Powabyke Limited Westgolf (UK) Ltd ⁵
R Stanley	3 Digigraph Ltd Clickhere Ltd E-Comeleon Ltd Express 2 Automotive Ltd Express Finishing Systems Ltd Joeknowsit? Ltd Lovely Bubbly Ltd Lovely Bubbly Holdings Plc Norquip Ltd Sandco 854 Ltd Saxon Sanbec Ltd Saxon Specialist Vehicles Ltd SEV Group Ltd Tanfield Engineering Systems Ltd Tanfield Group Plc Training and Development Resource Ltd Walkerwalls Ltd Young Enterprise North East	Radalec Engineering Company Ltd

Notes:

1. Lady In Leisure Group PLC and its subsidiaries were placed into administration in 2001. See paragraph 7(h) below.
2. World Telecom was placed into administration in 1999. See paragraph 7(h) below.
3. Barncross Limited was placed in creditors voluntary liquidation on 17 November 2006. See paragraph 7(h) below.
4. These companies were placed in members voluntary liquidation. See paragraph 7(h) below.
5. Westgolf (UK) Limited was placed in liquidation in June 2003. See paragraph 7(h) below.

(g) In 1988, G.S.L. Forrest, as a newly qualified accountant was coerced into altering stock valuation figures in respect of the company with whom he was then employed, under threats from his superiors of loss of his employment. This resulted in his being censured and fined £500 plus costs by the Institute of Chartered Accountants in England and Wales.

(h) (i) J P Pither is a director of World Telecom plc which went into administrative receivership on 23 December 1999 and he is a director of Fenns Bank Estates Limited which went into creditors voluntary liquidation in February 2002.

He was also a director of Lady In Leisure Group plc which was subject to an administration order in September 2001. The order was discharged in January 2005.

J P Pither resigned as a director of Avon Group Holdings Limited on the 22 January 2001, the same month in which an administrative receiver was appointed. He was also a director of Eurokit U.K. Limited which had an administrative receiver appointed in March 2001. He ceased to be a director of this company on 2 March 2004. Jon Pither also resigned as a director of Galatial Ace plc on 25 March 2004, one month after a liquidator was appointed.

J P Pither was also the non-executive chairman of Dolomore Limited and a director of Maison Caurette Holdings Limited (a non-trading subsidiary of Dolomore Limited) which were put into administrative receivership on 25 March 1996. He ceased to be a director of both of these companies on 31 December 2003 and the receivers ceased to act on 10 November 2004.

(ii) Until 6 November 1992, G S L Forrest was a director of Shootplan Limited, Beehive (Newcastle) Limited, Jimmy'z Bar (Shaftesbury Avenue) Limited, Lessonarrive Limited, Bliss (Nightclubs) Limited, City Leisure (Earls Court Road) Limited, Yel Limited, Buzz (Leeds) Limited and Hazeage Limited. G S L Forrest had no beneficial interest in the shares of any of these companies. In the period 29 September 1992 to the 5 May 1993 each of these companies was the subject of administrative receivership and/or winding up proceedings. All of the above companies have now been dissolved.

G S L Forrest was also a director of Lady In Leisure Group plc and its subsidiary companies, each of which was subject to an administration order in September 2001. The order was discharged in January 2005.

(iii) G S L Forrest is a director of Barncross Limited. On 17 November 2006 resolutions were passed to place the company in creditors voluntary liquidation.

(iv) S M Roberts was a director of Efforsenrab (149) Limited, Efforsenrab (150) Limited, Efforsenrab (151) Limited, Efforsenrab (152) Limited and Efforsenrab (153) Limited. Each of those companies was formed for the purposes of a tax planning scheme and was placed into members voluntary liquidation in connection with that scheme.

(v) M Yeoman resigned as a director of Westgolf (UK) Limited in November 2002. The company was placed in liquidation in June 2003.

(vi) R R E Stanley resigned as a director of BEATAC Limited in 1993. In 1994 that company was placed in liquidation.

Save as disclosed above, none of the Directors:

(A) is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the five years immediately preceding the date of this document;

(B) has any unspent convictions for any indictable offences or has been declared bankrupt or has made any voluntary arrangement with his creditors;

(C) has been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration or voluntary arrangement of that company or any composition or arrangement with its creditors generally or any class of its creditors;

- (D) has been a partner in a partnership at the time of or within the twelve months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership;
 - (E) has had any asset which has been subject to a receivership or has been in a partnership at the time of or within the twelve months preceding an asset of the partnership being subject to a receivership; or
 - (F) has been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or has been disqualified by a Court from acting as a director of, or in the management or conduct of the affairs of any company.
- (i) The following service contracts and agreements for services (all of which are conditional upon Admission) have been entered into between by the Company:
- (i) Jon Peter Pither (age 72) was appointed to the board on 13 April 2006.
Pursuant to an agreement for services dated 6 December 2006 between (1) the Company and (2) Surrey Management Services Limited, Surrey Management Services Limited agrees to provide the services of J P Pither to the Company as Chairman and executive Director on a part time basis, devoting such hours as may be necessary for the proper discharge of his duties. The engagement is subject to 12 months notice of termination from either party. Surrey Management Services Limited shall be paid an annual fee (subject to annual review) of £1,750 per day (payable monthly in arrears).
 - (ii) Graham Stuart Lindsay Forrest (age 44) was appointed to the board on 13 April 2006.
Pursuant to a service contract dated 6 December 2006 between the Company (1) and G S L Forrest (2), G S L Forrest is employed as Chief Executive Officer. The contract is subject to 12 months termination by either party. G S L Forrest shall be paid a salary (subject to annual review) of £100,000 per annum plus other benefits.
 - (iii) Steven Mark Roberts (age 40) was appointed to the board on 8 November 2006.
Pursuant to a service contract dated 6 December 2006 between (1) the Company and (2) S M Roberts, S M Roberts agrees to provide his services as a Group Finance Director on a part time basis, devoting (on average) not less than 4 days per calendar month to the discharge of his duties. The contract is subject to 3 months notice of termination from either party. S M Roberts shall be paid a salary (subject to annual review) of £20,000 per annum (payable monthly in arrears).
 - (iv) Marcus Yeoman (age 43) was appointed to the board on 8 November 2006.
Pursuant to a letter of engagement dated 6 December 2006 between (1) the Company and (2) Springtime Consultants Limited, Springtime Consultants Limited agrees to provide the services of M Yeoman to the Company as a non-executive Director. The engagement is subject to 3 months notice of termination from either party. Springtime Consultants Limited shall be paid an annual fee (subject to annual review) of £10,000 per annum (payable monthly in arrears).
 - (v) Roy Robert Edward Stanley (age 55) was appointed to the board on 8 November 2006.
Pursuant to a letter of engagement dated 6 December 2006 between (1) the Company and (2) R R E Stanley, R R E Stanley agrees to provide the his services as a non-executive Director. The engagement is subject to 3 months notice of termination from either party. R R E Stanley shall be paid an annual fee (subject to annual review) of £10,000 per annum (payable monthly in arrears).
- (j) Save as referred to above, none of the Directors (or any persons to whom they are connected) are entitled to benefits on termination of (as appropriate) their service agreement or agreement under which they provide services to the Company.
- (k) During the six months preceding the date of this document those service contracts and agreements for services described in paragraph 6(g) were entered into.

- (l) To date, no remuneration and benefits in kind have been paid by the Company to the Directors. The aggregate remuneration and benefits in kind paid by members of the Group to GSL Forrest in the 12 months to 31 March 2006 amounted to approximately £13,333. No remuneration or benefits in kind were paid to any other Director during that period. It is estimated that the aggregate remuneration and benefits in kind of the Directors, excluding any bonuses, for the current financial year ended 31 March 2007 under the arrangements in force at the date of this document will amount to approximately £135,000.
- (m) Save as disclosed in this document, none of the directors of the Company is interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or any member of the Group, being transactions which were effected during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.
- (i) The Share Exchange Agreements.
- (ii) Certain of the Directors made loans to members of the Group in connection with the acquisition of the Acquired Subsidiaries. The current balances of the loans are summarised below:

<i>Director</i>	<i>Group Company</i>	<i>Amount (£)</i>
J P Pither	Ron Gone	274,000
J P Pither	Dudley Wilson	130,000
J P Pither	Kelmax	159,635
J P Pither	Maximuse	171,541
G S L Forrest	Ron Gone	52,200
G S L Forrest	Dudley Wilson	15,000
G S L Forrest	Kelmax	159,735
G S L Forrest	Maximuse	171,551
S M Roberts	Ron Gone	16,000
S M Roberts	Kelmax	24,000
S M Roberts	Maximuse	9,000

All of the loans are interest free, unsecured and repayable on demand by the relevant Director. In the case of those loans made to Ron Gone, Kelmax and Maximuse, the Directors have agreed that (notwithstanding the fact that the loans are expressed to be repayable on demand), the loans will be subordinated to the Group's indebtedness to Bank of Scotland such that the loans will not be repaid by the relevant company until the relevant Group's indebtedness to Bank of Scotland is satisfied in full (save in certain specified circumstances, which include the prior consent of Bank of Scotland).

The Directors will not seek repayment of these loans within the period of 12 months commencing upon Admission. In the event that they wish to obtain repayment of the loans (or any part of them) at any time thereafter they must (for so long as the Group's indebtedness is not satisfied in full) first satisfy any requirements of the Bank of Scotland.

8. Premises

Following completion of the acquisitions which are the subject of the Share Exchange Agreements, the Group's principal establishments will be:

<i>Premises</i>	<i>Use</i>	<i>Approximate Square Feet</i>
Leasehold premises known as Unit 2, Lee Close, Pattinson North Industrial Estate, Washington, Tyne & Wear, NE38 8QA	Office and warehouse premises	2,700
Freehold property located at and known as Site 2a Rainhill Close, Stephenson Industrial Estate, Washington, NE37 3HN	Offices, manufacturing and storage	43,500

<i>Premises</i>	<i>Use</i>	<i>Approximate Square Feet</i>
Leasehold unit located on Unit on Kimblesworth Industrial Estate, Kimblesworth, Chester-le-Street, County Durham, DH2 3QT	Offices and storage	43,500
Leasehold premises known as Unit 1 Station House, Station Road, Chester-le-Street, County Durham, DH3 3DU	Offices and storage and head office	43,500

9. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its Subsidiaries (assuming, for this purpose, completion of the transactions contemplated by the Share Exchange Agreements) within the 2 years preceding the date of this document and are or may be material:

- (a) Pursuant to an agreement dated 9 November 2005 (“the Isoler Agreement”) made between the then shareholders of Isoler (1) and Ron Gone (2), Ron Gone acquired the entire issued share capital of Isoler for a total consideration of £1,470,000 of which £1,370,000 was paid in cash upon completion. The balance of the consideration (“the Isoler Deferred Consideration”) is payable in two equal installments on 9 November 2006 and 9 November 2007.

The payment of the Isoler Deferred Consideration is secured by means of a guarantee, granted by Isoler in favour of the vendors in respect of the obligations of Ron Gone relating to the Isoler Deferred Consideration, and debentures (incorporating fixed and floating charges) given by each of Isoler and Ron Gone. The security granted in favour of the vendors ranks behind the security given in favour of Bank of Scotland referred to in paragraph 9(b) below.

The Isoler Agreement contains certain warranties and indemnities given by the vendors in favour of Ron Gone and relating to Isoler and its business and assets. The agreement also contains non-competition restrictions given by the vendors.

- (b) Pursuant to an agreement dated 9 November 2005 (“the Isoler Facility Agreement”) and made between Bank of Scotland (1) and Ron Gone (2), Bank of Scotland provided a term loan facility of £900,000 to be used in connection with the acquisition of the entire issued share capital of Isoler. The facility is repayable in twenty quarterly capital installments. Interest is payable upon the facility at a rate equal to (at Ron Gone’s option):
- (i) Bank of Scotland base rate plus 2.5 per cent.; or
 - (ii) Bank of Scotland base rate plus the rate (expressed as an annual percentage rate) at which Sterling deposits in an amount equal to the term loan are offered to Bank of Scotland on the London Inter Bank Market by prime banks plus the costs (expressed as an annual percentage rate) calculated by Bank of Scotland in accordance with its usual practice of complying with any reserve asset and/or special deposit and/or cash ratio and/or liquidity and/or capital adequacy and/or banking control or similar requirements of the Bank of England, the Financial Services Authority, the European Central Bank or any other governmental or regulatory authority.

Repayment of the facility is secured, *inter alia*, by means of cross-guarantees, granted by Isoler and Ron Gone in favour of Bank of Scotland, and debentures (incorporating fixed and floating charges over each company’s assets) given by each of Isoler and Ron Gone.

The Isoler Facility Agreement contains certain warranties and covenants undertakings given by Ron Gone (relating to Ron Gone and Isoler and their respective businesses) in favour of Bank of Scotland.

- (c) Pursuant to an agreement dated 22 December 2005 (“the RTC Agreement”) made between the then shareholders of Roof Truss (1) and Dudley Wilson (2), Dudley Wilson acquired the entire issued share capital of Roof Truss for a total consideration of £1,290,000, satisfied as to £680,000 in cash (payable upon completion) and as to the balance by the allotment of 42 B ordinary shares of £1.00 each in the capital of Dudley Wilson to K Gray (a vendor).

The RTC Agreement contains certain warranties and indemnities given by the vendors in favour of Dudley Wilson and relating to Roof Truss and its business and assets. The agreement also contains non-competition restrictions given by the vendors.

- (d) An agreement dated 22 December 2005 made between G S L Forrest (1), J P Pither (2), K Gray (3), Dudley Wilson (4) and Roof Truss (5). The agreement contains certain undertakings by G S L Forrest, J P Pither and K Gray (in their capacity as shareholders of Dudley Wilson) and by Dudley Wilson and Roof Truss concerning the businesses conducted by those two companies. All obligations arising under the agreement were released with effect from completion of the transaction reflected in the share purchase agreement referred to in paragraph 9(m).
- (e) Pursuant to facility letters dated 12 December 2005 from Barclays Bank to Dudley Wilson (which was accepted by Dudley Wilson on 22 December 2005), Barclays Bank provided a term loan facility of £650,000.00 to be used in connection with the acquisition of the entire issued share capital of Roof Truss. The facility is repayable in monthly instalments over a period of 20 years. Interest is payable upon the facility at a rate equal to Barclays Bank base rate plus 1.9 per cent.

Under the terms of an agreement of the same date made between Barclays Bank (1) and Roof Truss (2), Barclays Bank made available to Roof Truss a confidential invoice discounting facility. Under the terms of that facility, Barclays Bank will purchase approved debts from Roof Truss at a price equal to a percentage of the value of the debt (calculated as being 100 per cent. less a percentage amount equal to the Barclays Bank base plus 2.39 per cent.). 85 per cent. of the value of the relevant debt is available to be drawn down by the Company immediately (up to an aggregate amount drawn down in respect of unsettled debts of £500,000) and the balance is paid to the Company on settlement of the debt. Certain of the monies made available pursuant to that facility were advanced to Dudley Wilson (by way of loan) to be used in connection with the acquisition of the entire issued share capital of Roof Truss.

Each of the facilities is secured, *inter alia*, by means of cross-guarantees, granted by both Dudley Wilson and Roof Truss in favour of Barclays Bank, and debentures (incorporating fixed and floating charges over each company’s assets) given by each of Dudley Wilson and Roof Truss.

- (f) Pursuant to an option agreement dated 13 April 2006 (“the Springs Agreement”) made between the then shareholders of Springs Roofing (1) and Kelmax (2), Kelmax was granted an option to acquire the entire issued share capital of Springs Roofing for a total consideration of £3,536,667.00, satisfied as to £2,110,096.00 in cash (payable upon completion), as to £260,000 by way of the issue loan notes (more particularly described in paragraph 9(g) below) and as to the balance by the allotment of 3,270 B ordinary shares of £0.01 each in the capital of Kelmax.

The option was exercised by Kelmax and the sale and purchase of the entire issued share capital of Springs Roofing completed on 11 July 2006.

The Springs Agreement contains certain warranties and indemnities (relating to Springs Roofing and its business and assets) and non-competition restrictions given (at the time of completion of the sale and purchase) by the vendors in favour of Kelmax.

- (g) In partial satisfaction of the consideration payable in respect of the acquisition of Springs Roofing, Kelmax issued 260,000 unsecured loan notes (in denominations of £1.00). The loan notes are redeemable 10 equal tranches on a quarterly basis (with the first tranche being redeemed on 11 July 2008). Pending redemption, the loan notes bear interest (payable quarterly) at a rate equal to the Bank of Scotland base rate plus 3 per cent.

- (h) An agreement dated 11 July 2005 made between G S L Forrest (1), J P Pither (2), S Roberts (3), J J Lightle (4), K A Muldoon (5), A Middleton (6) and Kelmax (7). The agreement contains certain undertakings by G S L Forrest, J P Pither, S Roberts, J J Lightle, K A Muldoon, A Middleton (in their capacity as shareholders of Kelmax) and by Kelmax concerning the businesses conducted by Kelmax and Springs Roofing. All obligations arising under the agreement were released with effect from completion of the transaction reflected in the share purchase agreement referred to in paragraph 9(n) above.

- (i) Pursuant to an agreement dated 11 July 2006 (“the Springs Facility Agreement”) and made between Bank of Scotland (1) and Kelmax (2), Bank of Scotland provided a term loan facility of £1,450,000 to be used in connection with the acquisition of the entire issued share capital of Springs Roofing. The facility is repayable in 20 quarterly capital instalments. Interest is payable upon the facility at a rate equal to Bank of Scotland base rate plus 2.5 per cent.

Repayment of the facility is secured, *inter alia*, by means of cross-guarantees, granted by Springs Roofing and Kelmax in favour of Bank of Scotland, and debentures (incorporating fixed and floating charges over each company’s assets) given by each of Kelmax and Springs Roofing.

The Springs Facility Agreement contains certain warranties and covenants undertakings given by Kelmax (relating to Kelmax and Springs and their respective businesses) in favour of Bank of Scotland.

- (j) Pursuant to an option agreement dated 1 August 2006 (“the Wensley Agreement”) made between the then shareholders of Wensley Roofing (1) and Maximuse (2), Maximuse was granted an option to acquire the entire issued share capital of Wensley Roofing for a total consideration of £2,400,000.00, satisfied as to £1,625,000 in cash (payable upon completion), as to £275,000 in cash in 10 equal quarterly installments (the first such instalment to be paid on 1 August 2008) and as to the balance by the allotment of 20,834 B ordinary shares of £0.01 each in the capital of Maximuse.

The option was exercised by Maximuse (by agreement between the parties) immediately upon exchange of the agreement and the sale and purchase of the entire issued share capital of Springs Roofing completed on 1 August 2006.

The Wensley Agreement contains certain warranties and indemnities (relating to relating to Wensley Roofing and its business and assets) and non-competition restrictions given (at the time of completion of the sale and purchase) by the vendors in favour of Maximuse.

- (k) Pursuant to an agreement dated 1 August 2006 (“the Wensley Facility Agreement”) and made between Bank of Scotland (1) and Maximuse (2), Bank of Scotland provided a term loan facility of £1,250,000 to be used in connection with the acquisition of the entire issued share capital of Wensley Roofing. The facility is repayable in 20 quarterly capital installments. Interest is payable upon the facility at a rate equal to Bank of Scotland base rate plus 2.5 per cent.

Repayment of the facility is secured, *inter alia*, by means of two cross-guarantees in favour of the Bank of Scotland (the first granted by Wensley Roofing and Maximuse and the second by Maximuse, Isoler and Springs) and debentures (incorporating fixed and floating charges over each company’s assets) given by each of Wensley Roofing and Maximuse.

The Wensley Facility Agreement contains certain warranties and covenants undertakings given by Maximuse (relating to Maximuse and Wensley and their respective businesses) in favour of Bank of Scotland.

- (l) Pursuant to a share exchange agreement dated 6 December 2006 and made between the Company and the persons stated below, the Company has agreed, conditional upon Admission occurring on or before 31 December 2006, to allot and issue Ordinary Shares to the persons stated below in consideration of the transfer to the Company of the entire issued share capital of Ron Gone (the holding company of Isoler).

<i>Allottee</i>	<i>No. of Ordinary Shares</i>
G S L Forrest	320,000
J P Pither	160,000
S M Roberts	160,000
J Gilstin	160,000

Upon execution of the agreement, the persons named above delivered to the Company's solicitors, Mincoffs Solicitors LLP, all documents to be delivered by them to the Company upon completion of the transaction (including duly executed transfers of the entire issued share capital of Ron Gone), together with a letter irrevocably authorising the Company's solicitors to date (where appropriate) those documents and deliver them to the Company forthwith upon Admission occurring.

The agreement contains certain limited warranties given by the sellers (relating principally to their title to the shares in Ron Gone) in favour of the Company.

- (m) Pursuant to a share exchange agreement dated 6 December 2006 and made between the Company and the persons stated below, the Company has agreed, conditional upon Admission occurring on or before 31 December 2006, to allot and issue Ordinary Shares to the persons stated below in consideration of the transfer to the Company of the entire issued share capital of Dudley Wilson (the holding company of Roof Truss).

<i>Allottee</i>	<i>No. of Ordinary Shares</i>
G S L Forrest	483,333
J P Pither	483,333
K Gray	700,000

Upon execution of the agreement, the persons named above delivered to the Company's solicitors, Mincoffs Solicitors LLP, all documents to be delivered by them to the Company upon completion of the transaction (including duly executed transfers of the entire issued share capital of Dudley Wilson), together with a letter irrevocably authorising the Company's solicitors to date (where appropriate) those documents and deliver them to the Company forthwith upon Admission occurring.

The agreement contains certain limited warranties given by the sellers (relating principally to their title to the shares in Dudley Wilson) in favour of the Company.

- (n) Pursuant to a share exchange agreement dated 6 December 2006 and made between the Company and the persons stated below, the Company has agreed, conditional upon Admission occurring on or before 31 December 2006, to allot and issue Ordinary Shares to the persons stated below in consideration of the transfer to the Company of the entire issued shares capital of each of Kelmax (the holding company of Springs Roofing).

<i>Allottee</i>	<i>No. of Ordinary Shares</i>
G S L Forrest	1,008,480
J P Pither	1,008,480
S M Roberts	352,000
J J Lightle	630,432
K Muldoon	508,992
A Middleton	11,616

Upon execution of the agreement, the persons named above delivered to the Company's solicitors, Mincoffs Solicitors LLP, all documents to be delivered by them to the Company upon completion of the transaction (including duly executed transfers of the entire issued

share capital of Kelmax), together with a letter irrevocably authorising the Company's solicitors to date (where appropriate) those documents and deliver them to the Company forthwith upon Admission occurring.

The agreement contains certain limited warranties given by the sellers (relating principally to their title to the shares in Kelmax) in favour of the Company.

- (o) Pursuant to a share exchange agreement dated 6 December 2006 and made between the Company and the persons stated below, the Company has agreed, conditional upon Admission occurring on or before 31 December 2006, to allot and issue Ordinary Shares to the persons stated below in consideration of the transfer to the Company of the entire issued shares capital of Maximuse (the holding company of Wensley Roofing).

<i>Allottee</i>	<i>No. of Ordinary Shares</i>
G S L Forrest	823,075
J P Pither	823,075
S M Roberts	238,000
K Soulsby	371,875
D Soulsby	123,995

Upon execution of the agreement, the persons named above delivered to the Company's solicitors, Mincoffs Solicitors LLP, all documents to be delivered by them to the Company upon completion of the transaction (including duly executed transfers of the entire issued share capital of Maximuse), together with a letter irrevocably authorising the Company's solicitors to date (where appropriate) those documents and deliver them to the Company forthwith upon Admission occurring.

The agreement contains certain limited warranties given by the sellers (relating principally to their title to the shares in Maximuse) in favour of the Company.

- (p) Pursuant to a share exchange agreement dated 6 December 2006 and made between the Company and the persons stated below, the Company has agreed, conditional upon Admission occurring on or before 31 December 2006, allot and issue Ordinary Shares to the persons stated below in consideration of the transfer to the Company of the entire issued shares capital of Floor Joist.

<i>Allottee</i>	<i>No. of Ordinary Shares</i>
G S L Forrest	26
J P Pither	26
K Gray	48

Upon execution of the agreement, the persons named above delivered to the Company's solicitors, Mincoffs Solicitors LLP, all documents to be delivered by them to the Company upon completion of the transaction (including duly executed transfers of the entire issued share capital of Floor Joist), together with a letter irrevocably authorising the Company's solicitors to date (where appropriate) those documents and deliver them to the Company forthwith upon Admission occurring.

The agreement contains certain limited warranties given by the sellers (relating principally to their title to the shares in Floor Joist) in favour of the Company.

- (q) Pursuant to an facility agreements dated 6 December 2006 (together "the Facility Agreements") and made between Bank of Scotland (1) and the Company (2), Bank of Scotland has agreed to provide:
- (i) To the Company term loan facilities of (in aggregate) £2,350,000 ("the Term Loans"), to be used to refinance the existing bank indebtedness of the Group (being that referred to in paragraphs 9(b), 9(e), 9(i) and 9(k) of this Part XV and to provide working capital for the Group. Of the Term Loans, £1,710,000 is repayable in fifteen quarterly capital instalments whilst £640,000 is repayable in thirty nine quarterly capital payments.

Interest is payable upon the Term Loans at a rate equal to (at the Company's option):

- (A) Bank of Scotland base rate plus 2.5 per cent.; or
 - (B) Bank of Scotland base rate plus the rate (expressed as an annual percentage rate) at which Sterling deposits in an amount equal to the Term Loan are offered to Bank of Scotland on the London Inter Bank Market by prime banks plus the costs (expressed as an annual percentage rate) calculated by Bank of Scotland in accordance with its usual practice of complying with any reserve asset and/or special deposit and/or cash ratio and/or liquidity and/or capital adequacy and/or banking control or similar requirements of the Bank of England, the Financial Services Authority, the European Central Bank or any other governmental or regulatory authority.
- (ii) To the Company and certain of the Group Companies a revolving credit facility ("the Revolving Credit") of up to £2,000,000, to be used to refinance the existing indebtedness of the Group (including the existing bank indebtedness, the deferred consideration payable pursuant to the agreements referred to in paragraphs 9(a) and 9(j) of this Part XV and the loan notes referred to in paragraph 9(g) of this Part XV) and to provide working capital for the group.

The Revolving Credit is available (subject to certain conditions) for draw down throughout the period of 3 years commencing upon 19 December 2006. Any amounts advanced during that 3 year period are to be repaid at the end of each 3 month period following drawdown but are available (again, subject to satisfaction of the relevant conditions) for immediate redrawing. All amounts advanced are to be repaid at the end of the 3 year period.

Interest is payable upon the amount advanced at a rate equal to (at the Company's option):

- (A) Bank of Scotland base rate plus 2.5 per cent.; or
- (B) Bank of Scotland base rate plus the rate (expressed as an annual percentage rate) at which Sterling deposits in an amount equal to the Revolving Credit are offered to Bank of Scotland on the London Inter Bank Market by prime banks plus the costs (expressed as an annual percentage rate) calculated by Bank of Scotland in accordance with its usual practice of complying with any reserve asset and/or special deposit and/or cash ratio and/or liquidity and/or capital adequacy and/or banking control or similar requirements of the Bank of England, the Financial Services Authority, the European Central Bank or any other governmental or regulatory authority.

A non-utilisation fee is payable, on a 3 monthly basis, in respect of the amount of the Revolving Credit undrawn during the relevant 3 month period. The fee is equal to 0.5 per cent. of the amount undrawn.

The drawn down of the Term Loans and the Revolving Credit is conditional upon certain matters including Admission, the raising of not less than £2,000,000 by way of the Placing and the completion of the transactions which are the subject of the share Exchange Agreements.

Repayment of the Term Loans and the Revolving Credit are to be secured, *inter alia*, by means of cross-guarantees, granted by all Group Companies (save for Prosafe Consultants Limited) in favour of Bank of Scotland, debentures (incorporating fixed and floating charges over each company's assets) given by each of those Group Companies and a legal charge in respect of the freehold premises owned by Roof Truss.

The Facility Agreements contain certain warranties and covenants undertakings given by the Group Companies (relating to them and their respective businesses) in favour of Bank of Scotland. The consequences of a breach of these covenants can include the requirement to repay in full, immediately the Term Loan and Revolving Credit facilities.

- (r) Pursuant to an option agreement dated 6 December 2006 (“the MGM Agreement”) made between the then shareholders of MGM (“the MGM Shareholders”) (1) and the Company (2), the Company was granted the MGM Option, in consideration of the payment of an option fee of £15,000, to acquire the entire issued share capital of MGM at any time during the period of 3 months commencing upon 6 December 2006 (“the Option Period”). The Option Period may be extended by further periods of 1 month (up to a maximum of a further 3 months) upon the payment of an additional option fee of £5,000 per additional month.

The MGM Option is exercisable at the discretion of the Company (subject only to Admission having occurred). It may not be exercised by the MGM Shareholders

The consideration payable by the Company upon exercise of the option is £2,000,000.00 less any option fee already paid to the MGM Shareholders by the Company (“the Consideration”). The Consideration is to be satisfied by the payment of £1,300,000 in cash (less any option fee paid by the Company) and by the allotment by the Company of Ordinary Shares (“the Consideration Shares”) having a value of £700,000 (where the value of an Ordinary Share shall be a sum equal to the average of the middle market quotation on AIM of an Ordinary Share on each of the five dealing days immediately prior to completion of the transaction)

The MGM Agreement contains certain warranties and indemnities (relating to MGM and its business and assets) and non-competition restrictions given (at the time of completion of the sale and purchase) which will be given by MGM Shareholders in favour of the Company upon completion of the transaction).

The MGM Agreement also contains undertakings on the part of the MGM Shareholders that, save in limited prescribed circumstances, they will not dispose of the Consideration Shares at any time prior to the first anniversary of the completion of the Acquisition of MGM by the Company and that for a further period of 12 months after that date they will not dispose of the Consideration Shares except with the prior consent of the Company (such consent not to be unreasonably withheld).

- (s) Under the Nominated Adviser Agreement dated 8 December 2006 between the Company, DDCF and the Directors, DDCF is appointed to act as nominated adviser to the Company. For these services DDCF shall receive an annual fee of £25,000 payable by the Company quarterly in advance. The Nominated Adviser Agreement is terminable at any time by either party for material breach by the other party, and unless terminated earlier, may be terminated at any time by either party on or after the first anniversary Admission, on giving notice less than three months’ prior written notice of the same to the other party.
- (t) Under the Broker Agreement dated 8 December 2006 between the Company and DDCB, DDCB is appointed to act as broker to the Company. For these services DDCB shall receive an annual fee of £20,000 or such higher fee as may be agreed between the Company and DDCB in writing, payable quarterly in advance with the first such payment being made no later than the date of Admission. The Broker Agreement is terminable at any time by either party for material breach by the other party, and unless terminated earlier, may be terminated at any time by either party on or after the first anniversary Admission, on giving notice less than three months’ prior written notice of the same to the other party.
- (u) The placing agreement referred to in paragraph 10 below.
- (v) By a series of deeds (“Lock-in Deeds”) dated 8 December between the Company (1), DDCF (2) DDCB (3) and certain shareholders (4), each of the Shareholders (other than the Directors) to whom shares will be allotted pursuant to the Share Exchange Agreements have undertaken not to dispose of any Ordinary Shares or interests in Ordinary Shares held at Admission for 12 months following Admission, save in certain limited circumstances (including acceptance of general offers to Shareholders). For a further period of 12 months following the anniversary of Admission, each of those Shareholders have undertaken not to dispose of any Ordinary Shares otherwise than through DDCB (provided that DDCB continues to be the Company’s broker.

- (w) The warrant instrument referred to in paragraph 3(g) above.

10. Placing Agreement

- (a) Under an agreement dated 8 December 2006 (“the Placing Agreement”) between the Company (1), the Directors (2) DDCF (3) and DDCB (4) DDCB has agreed, conditional on (amongst other things) Admission becoming effective on or before 19 December 2006 (or such later date as may be agreed between the Company and DDCF, not being later than 27 December 2006) as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares to be issued by the Company pursuant to the Placing at the Placing Price.
- (b) Under the Placing Agreement the Company has agreed to pay to DDCF and/or DDCB (as the case may be) a corporate finance fee of £150,000.00 plus:
- (i) a commission of five per cent. of the aggregate value at the Placing Price of the Placing Shares for which it procure subscribers; and
 - (ii) warrants exercisable at the Placing Price equivalent to two per cent. of the Placing Shares pursuant to the warrant instrument (as more particularly described in paragraph 3(g)).
- (c) The Directors have undertaken, save in limited prescribed circumstances (including acceptance of general offers to Shareholders), not to dispose of Ordinary Shares held at Admission for a period of 12 months following Admission except with the prior consent of DDCF. For a further period of 12 months following the first anniversary of Admission, each of the Directors have undertaken not to dispose of any Ordinary Shares otherwise than through DDCB (provided that DDCB remains to be the Company’s nominated broker).

The foregoing restrictions shall not apply to any sale of Ordinary Shares by J Pither effected through DDCB, provided that the aggregate gross sale proceeds shall not exceed £400,000 and that the timing of such sales shall be agreed between J Pither and DDCB (such agreement not to be unreasonably withheld or delayed).

- (d) The Placing Agreement contains limitations on liability (relating to claims under the warranties in the Placing Agreement) in favour of the Company and Directors as follows:
- (i) Claims for breach of general warranties must be brought by DDCF and/or DDCB (as the case may be) on or before the date falling three months after publication of the audited accounts of the Group for the year ended 31 March 2008. Claims relating to tax cannot be brought unless the tax liability in question arises before or within seven years of the date of Admission.
 - (ii) Financial limitations on claims as follows:
 - (A) the Directors shall have no liability for a breach of warranty or under the tax schedule of the Placing Agreement unless they have a liability in respect of that claim in excess of £2,500 and an aggregate liability for all claims in excess of £50,000; and
 - (B) in the case of the Executive Directors, the maximum liability under the Placing Agreement for the Founders shall not exceed £500,000 each and for Steven Roberts shall not exceed £133,000.
 - (iii) General limitations on liability in relation to matters disclosed in the long form reports prepared by the Reporting Accountants or the legal due diligence report prepared by the Company’s solicitors or for claims that may arise due to changes in taxation or law.
 - (iv) Limitations where the Directors are able to provide DDCF and/or DDCB (as the case may be) with a legal opinion of counsel that the subject matter or circumstances giving rise for a claim under the Placing Agreement are ones in respect of which a Group Company is able to claim for breach of warranty or indemnity under the agreements referred to in paragraph 9(a), 9(b), 9(f) or 9(i) (or any document entered into pursuant to those agreements) (“Acquisition Agreement Claim”), as to likelihood of success of such Acquisition Agreement Claim and the amount recoverable by the relevant Group Company under such Acquisition Agreement Claim.

- (e) If Admission does not take place on or before 19 December 2006, or such later date as the Company and DDCF agree (not being later than 27 December 2006) then the obligations of DDCF and DDCB will terminate.

The Placing Agreement also contains certain provisions which enable DDCF to terminate the Placing Agreement prior to Admission in certain circumstances (including in circumstances where the warranties contained in the agreement are found to be untrue or inaccurate in any material respect).

- (f) If the Placing Agreement becomes unconditional, DDCB will pay the monies received by it from placees (less fees, commissions and expenses) to the Company. If the conditions of the Placing are not satisfied or waived by 19 December 2006, or such later date as the Company and DDCF agree (not being later than 27 December 2006), DDCB will return the monies to the placees forthwith. Any monies returned will be sent at the risk of the addressee without interest.

11. Litigation

No member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, engaged in any litigation or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on the financial position of the Company and/or its subsidiaries and no such litigation or arbitration proceedings are known by the Company to be pending or threatened against the Company or any of its subsidiaries.

12. Intellectual property

There are no intellectual property rights upon which the Group is dependent.

13. Material Change

Save as disclosed in this document, there has been no material change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information has been published.

14. Working Capital

The Directors (having made due and careful enquiry) are of the opinion that taking into account existing cash, bank and other facilities available to the Company and its Group and the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its Group is sufficient for its present requirements (that is for at least 12 months from the date of Admission).

15. Corporate Governance

In relation to the period to 8 December 2006, the Company did not comply with the requirements of the English corporate governance regime because those requirements only apply to listed companies. The Company's future intentions regarding compliance with the English corporate governance regime are set out in paragraph 9 of Part II of this document.

16. Miscellaneous

- (a) The auditors to the Company between the date of its incorporation and 8 December 2006 were KPMG LLP, registered auditors and members of the Institute of Chartered Accountants in England and Wales. No auditors resigned, were removed, or were not re-appointed during the period between the date of the Company's incorporation and 8 December 2006.
- (b) The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Act. Copies of the audited accounts of Isoler for the financial period to 31 March 2006, of Roof Truss for the financial period to 31 March 2006, of Springs Roofing for the financial period to 31 March 2006 and of Wensley Roofing for the financial period to 31 March 2006 have been delivered to the Registrar of Companies in England and Wales. The auditors report on those accounts was unqualified and did not contain a statement under section 237 of the Act.

- (c) DDCF and DDCB have given and have not withdrawn their written consent to the inclusion in this document of references to themselves in this document in the form and context in which they are included.
- (d) The total costs and expenses of the Placing payable by the Company are estimated to amount to £1,000,000, excluding value added tax.
- (e) The total proceeds expected to be raised by the Placing will amount to £2.42 million and, after deduction of expenses of the Placing, the net proceeds are estimated to be approximately £1.52 million.
- (f) 2,751,133 Placing Shares are being issued at a price of £0.88 per share, payable in full on acceptance, representing a premium of £0.87 per share over the nominal value of £0.01.
- (g) Except as disclosed in this Document and for the advisers named on page 4 of this Document no person has received, directly or indirectly, from the Company during the twelve months preceding the date of this Document or has entered into a contractual arrangements to receive, directly or indirectly, from the Company fees totalling more than £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the Price or any other benefit to a value of £10,000 or more.
- (h) Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays and public holidays) from the Company's registered office at Unit 1, Station House, Station Road, Chester-le-Street, County Durham DH3 3DU and from the offices of DDCF at 17 Grosvenor Gardens, London, SW1 0BD for a period of 14 days from the date of Admission.

17. Documents available for inspection

Copies of the following documents may be inspected at Mincoffs Solicitors LLP, 5 Osbourne Terrace, Newcastle Upon Tyne NE1 3DX during normal business hours (Saturday, Sunday and public holidays excepted) for a period of 14 days following the date of this document;

- (a) the memorandum and articles of association of the Company;
- (b) the audited accounts of the subsidiaries for the financial periods ended 31 March 2006;
- (c) the Accountants' Reports;
- (d) the material contracts referred to in paragraph 9 of this Part XV;
- (e) the Placing Agreement;
- (f) the service contracts referred to in paragraph 7 of this Part XV;
- (g) the rules of the Share Option Schemes;

Date: 8 December 2006

