

Northern Bear plc

Interim Report
30 September 2007

Dated: 23 November 2007

Chairman's statement

Northern Bear plc ("Northern Bear" or the "Group") announces interim results for the six months ended 30 September 2007. The unaudited interim financial information represents the first published financial information prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards ('IFRS') adopted by the European Union ('Adopted IFRS').

Results

I am pleased to announce the unaudited results for the Group for the six months ended 30 September 2007. These encouraging results reflect the very considerable development of our business and are in line with our expectations.

Turnover for the period was £13.7 million, with profit before tax of £1.0 million.

The results include contributions from Chirmarn Limited and Hastie D Burton Limited which were the two acquisitions during the period. Basic earnings per share for the period was 5.1p and diluted earnings per share was 4.9p.

Further, the Board has decided to declare a maiden interim dividend of 1p per share. Notably, this is twelve months ahead of our initial expectation, but reflects our performance, both organically and by acquisition, and the improved cash status of the Group. The dividend will be paid on 21 December 2007 to eligible shareholders on the share register at close of business on 7 December 2007.

I am also delighted that we have been able to raise further funds during the period to assist with our stated acquisition policy.

New equity has been raised at an attractive share price compared with our listing price in December 2006 of 88 pence per share. On 31 May, we announced the issue of 275,000 shares at a price of £1.40, to raise £0.4 million for the Group. On 30 August, following an EGM, 2,415,250 shares were issued at a price of £1.45, raising a further £3.2 million net of costs to help fund the Group's growth.

It was further announced on 6 November 2007 that the Group had agreed a new and improved banking facility with Yorkshire Bank. This facility, together with the funds raised in the share issues above, provide the Group with substantial funds to continue its proven acquisition policy.

Accordingly, on 12 November 2007, it was announced that we had completed the acquisition of Jennings Roofing Ltd, a Yorkshire based roofing contractor, specialising in Local Authority work. This acquisition reinforces our aim of balancing our customer base, while at the same time satisfying our other acquisition criteria.

IFRS

Northern Bear shares are traded on the AIM market, operated by the London Stock Exchange plc ('AIM') and the AIM Rules for Companies require that the next annual consolidated financial statements of the Group, for the year ending 31 March 2008, be prepared in accordance with Adopted IFRS.

This interim financial information has been prepared on the basis of the recognition and measurement requirements of Adopted IFRS as at 30 September 2007 that are effective (or available for early adoption) at 31 March 2008, the Group's first annual reporting date at which it is required to use Adopted IFRS. Based on Adopted IFRS, the directors have applied the accounting policies, as set out in the restatement document referred to in note 1 of this interim financial information, which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 March 2008.

However, the Adopted IFRS that will be effective (or available for early adoption) in the financial statements for the year ending 31 March 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2008.

Trading Review

Advisers

Since the Group's year end in March 2007, we have been able to appoint experienced teams from Strand Partners as our Nominated Advisers and St. Helens Capital as our corporate Brokers.

The Board

As reported in the final accounts to 31 March 2007, we continue to strengthen the Board and I am therefore delighted to announce that Howard Gold, a Non-executive Director, has agreed to accept the role of Deputy Chairman. Based in the North East, Howard is able to provide daily support and guidance to Graham Forrest, Chief Executive Officer, and the rest of the executive team.

The Board and our management team fully appreciate your continued support of the Group as we work diligently to build upon our existing foundation. We would also like to thank the Group's staff for their hard work and efforts over the year to date and look forward to a successful second half.

Future

We continue to increase the scale and momentum of Northern Bear and feel that we now have an excellent team of professionals and funders with us who can help deliver progressive earnings per share.

We expect to continue with our acquisition policy during the second half of the financial year and have prospective targets in mind.

Jon Pither
Chairman

23 November 2007

Consolidated income statement
for the six month period ended 30 September 2007

	<i>Note</i>	Unaudited 6 months ended 30 September 2007 £000	Unaudited period from incorporation to 31 March 2007 £000
Continuing operations			
Revenue		13,705	4,751
Cost of sales		(9,804)	(3,459)
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Gross profit		3,901	1,292
Other operating income		19	9
Administrative expenses		(2,656)	(1,048)
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Results from operating activities		1,264	253
Finance income		24	14
Finance expenses		(280)	(184)
		<hr/>	<hr/>
Profit before income tax		1,008	83
Income tax expense		(313)	(65)
		<hr/>	<hr/>
Profit for the period		695	18
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Basic earnings per share	5	5.1p	0.5p
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Diluted earnings per share	5	4.9p	0.5p
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Consolidated statement of changes in equity
for the six month period ended 30 September 2007

	Unaudited 6 months ended 30 September 2007 £000	Unaudited period from incorporation to 31 March 2007 £000
Profit for the period	695	18
Shares issued	5,261	9,570
Share based payments	112	28
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Net increase in total equity	6,068	9,616
Total equity at start of period	9,616	-
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Total equity at end of period	15,684	9,616
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Consolidated balance sheet
at 30 September 2007

	Unaudited 30 September 2007 £000	Unaudited 31 March 2007 £000
Assets		
Property, plant and equipment	1,965	1,718
Intangible assets	16,749	12,414
Other investments	11	11
	<hr/>	<hr/>
Total non-current assets	18,725	14,143
	<hr/>	<hr/>
Inventories	2,018	197
Trade and other receivables	4,483	3,990
Prepayments for current assets	443	185
Cash and cash equivalents	3,049	494
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Total current assets	9,993	4,866
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Total assets	28,718	19,009
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Equity		
Share capital	159	120
Share premium	5,075	1,479
Reserves	9,597	7,971
Retained earnings	853	46
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Total equity attributable to equity holders of the company	15,684	9,616
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Liabilities		
Loans and borrowings	4,097	3,090
Deferred income	-	50
Deferred tax liabilities	67	52
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Total non-current liabilities	4,164	3,192
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Bank overdraft	2,383	1,096
Loans and borrowings	929	677
Trade and other payables	4,373	2,885
Current tax payable	1,185	952
Deferred income	-	591
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Total current liabilities	8,870	6,201
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Total liabilities	13,034	9,393
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Total equity and liabilities	28,718	19,009
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Consolidated statement of cash flows
for the six month period ended 30 September 2007

	Unaudited 6 months ended 30 September 2007 £000	Unaudited period from incorporation to 31 march 2007 £000
Cash flows from operating activities		
Profit for the period	695	18
<i>Adjustments for:</i>		
Depreciation	146	49
Finance income	(24)	(14)
Finance expense	280	184
Loss on sale of property, plant and equipment	1	5
Equity settled share-based payment transactions	112	28
Income tax expense	313	65
	<hr/>	<hr/>
	1,523	335
Change in inventories	(1,607)	(44)
Change in trade and other receivables	958	(281)
Change in prepayments	(213)	(6)
Change in trade and other payables	(495)	181
	<hr/>	<hr/>
	166	185
Interest received	24	14
Interest paid	(280)	(131)
Tax paid	(65)	-
	<hr/>	<hr/>
Net cash from operating activities	(155)	68
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	2
Acquisition of subsidiary, net of cash acquired	(2,502)	(95)
Acquisition of property, plant and equipment	(119)	(31)
	<hr/>	<hr/>
Net cash from investing activities	(2,621)	(124)
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Cash flows from financing activities		
Proceeds from issue of share capital	3,924	2,425
Payment of transaction costs	(289)	(919)
Proceeds from new borrowings	1,850	2,350
Repayment of borrowings	(1,354)	(4,344)
Payment of finance lease liabilities	(87)	(58)
	<hr/>	<hr/>
Net cash from financing activities	4,044	(546)
	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents	1,268	(602)
Cash and cash equivalents at start of period	(602)	-
	<hr/>	<hr/>
Cash and cash equivalents at end of period	666	(602)
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Notes

(forming part of the financial statements)

1 Basis of preparation

The AIM Rules require that the next annual consolidated financial statements of the Group, for the year ending 31 March 2008, be prepared in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the EU ('Adopted IFRS').

The interim financial information has been prepared on the basis of the recognition and measurement requirements of Adopted IFRS that are effective (or available for early adoption) at 31 March 2008, the Group's first annual reporting date at which it is required to use Adopted IFRS. Based on these Adopted IFRS, the directors have applied the accounting policies, as set out in the IFRS restatement document referred to below, which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 March 2008.

However, the Adopted IFRS that will be effective (or available for early adoption) in the financial statements for the year ending 31 March 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the financial statements are prepared for the year ending 31 March 2008.

The preparation of this financial information resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Practice ('GAAP'). The revised accounting policies have, except where otherwise stated, been applied to all periods presented in this financial information.

A detailed review of the changes in our accounting policies and reconciliations of our financial statements from UK GAAP to IFRS at key dates are available on the Group's website at www.northern-bear.co.uk.

2 Accounting policies

The accounting policies that the group intend to apply to the year ending 31 March 2008 are set out in the IFRS restatement document referred to in note 1.

3 Status of financial information

The comparative figures for the period ended 31 March 2007 are not the Group's statutory financial statements for that year. Those financial statements, which were prepared under UK GAAP, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The interim information for the half year ended 30 September 2007 is unaudited. This information does not constitute statutory accounts within the meaning of the Companies Act 1985.

4 Acquisitions

- a) On 14 May 2007 the company acquired 100% of the issued share capital of Chirmarn Holdings Limited and its subsidiaries, Chirmarn Limited and Chirmarn (Surveying) Limited. The resulting goodwill was calculated and capitalised as follows:

	Chirmarn Holdings Limited £000
Fixed assets	
Tangible	207
Current assets	
Stock	174
Debtors	525
Cash	590
Current liabilities	(1,448)
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Net assets	48
Goodwill	3,923
	<hr/>
Purchase consideration	3,971
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Satisfied by:	
Cash	2,823
Shares	1,148
	<hr/>
	3,971
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- b) On 1 June 2007 the company acquired 100% of the issued share capital of Hastie Limited and its subsidiary, Hastie D Burton Limited. The resulting goodwill was calculated and capitalised as follows:

	Hastie Limited £000
Fixed assets	
Tangible	64
Current assets	
Stock	40
Debtors	533
Cash	730
Current liabilities	(497)
	<hr/>
Net assets	870
Goodwill	381
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Purchase consideration	1,251
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Satisfied by:	
Cash	999
Shares	252
	<hr/>
	1,251
	<hr/> <hr/>

5 Earnings per share

The calculation of basic loss per share was based on the profit for the period and on the weighted average number of ordinary shares outstanding, calculated as follows:

	Unaudited 6 months ended 30 September 2007	Unaudited period from incorporation to 31 March 2007
Profit for the period (£000)	695	18
Weighted average number of ordinary shares ('000)	13,548	3,375
Earnings per share	5.1p	0.5p

The calculation of diluted earnings per share was based on the profit for the period and on the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Unaudited 6 months ended 30 September 2007	Unaudited period from incorporation to 31 March 2007
Profit for the period (£000)	695	18
Weighted average number of ordinary shares ('000)	14,321	3,630
Earnings per share	4.9p	0.5p

6 Interim results

These results were approved by the Board of Directors on 23 November 2007.

Copies of the interim statement will be sent to shareholders. Further copies will be available from the Company's registered office and are also available on our website at www.northern-bear.co.uk.