



**UNAUDITED PRELIMINARY RESULTS
for the year ended 31 March 2009**

Chairman's statement

Introduction

I am delighted to announce that Northern Bear has delivered another year of earnings growth despite the current unprecedented economic conditions.

Income has grown by 30% to £41.8 million and profit before tax by 27% to £2.9 million. Earnings per share has grown by 12% to 11.5 pence per share and interest cover remains healthy at 4.8 times.

The Group continues to be very cash generative, reporting a cash flow from operations of £2.0 million (2008: £0.4m).

These results clearly demonstrate the robust nature and sound defensive qualities of our diversified business model.

We have also recently renegotiated and improved our banking terms, which underlines the confidence our funders share with the management team. We have committed bank facilities of £11.0 million, having regard to capital repayments already made, of which £9.3 million was utilised at the year end. This gives us additional flexibility and provides a platform to take advantage of opportunities as they arise.

Strategy and business review

Our strategy of acquiring mature, cash generative, owner managed businesses and to integrate this with the organic growth of our existing Group businesses, remains unchanged. While we have not completed an acquisition for over 12 months, this still remains a key part of our strategy. We continue to look for quality, owner managed businesses with strong, second tier management to complement our existing 13 operations.

On 13th November 2008, we announced the opening of Jennings Roofing Manchester, a sister roofing business to the original business based in Leeds and are delighted at the progress made by this business.

During the period, all of our businesses operated in specific markets that each experienced their own particular challenges. Despite this, many of our businesses have enjoyed strong trading performances, and in some cases, record profitability. These businesses include those in specialist sectors, such as fire protection, asbestos removal and equipment rental. Their performance has helped balance the pressures experienced by some of our other businesses, particularly those with some exposure to the new house build sector. To their enormous credit, those businesses with links to the new house build sector continued to contribute to Group profitability. Given the current tough market environment, this is testament to the quality of our management and the strength of the customer relationships built up over the years.

We continue to win new customers and source new markets, which is partly a result of new members of our team joining us from competitors.

During the period we have actively managed our cost base. Its flexibility allows our individual businesses to minimise the risk of a period of losses. We have found that management have not been afraid, nor slow, to make the tough decisions needed in such uncertain times.

At Group level, there have also been substantial cost saving measures implemented. These include a Group wide pay freeze, cessation of non-contractual cash bonuses, a capital expenditure review, material marketing and entertaining reduction and renegotiation of advisors' fees. Such measures are ongoing as the Board consider it their priority to reduce expenditure wherever possible, while continuing to explore every avenue for new work and opportunities.

Dividend

Given the ongoing uncertainty in the market, and the obvious need for prudence, the priority for the Board is to conserve cash resources and to continue to repay debt. While our strong cash flow and profitability would have supported a final dividend, we have taken the decision to suspend such a payment. However, should trading continue to improve, we will reinstate our dividend policy at the earliest point at which it is responsible to do so.

Board of Directors / advisors

We were delighted to welcome two new directors to the Board during the year. On 8th April 2008, Graham Jennings joined the Board as an Operations Director, in line with our policy of appointing executive directors, wherever possible, from within the existing Group operating businesses and Ian McLean joined the Board on 14 November 2008 as a non-executive director.

Marcus Yeoman and Jon Pither, two of the Company's directors since flotation, retired from the Board on 30 June 2008 and 21 October 2008 respectively. Jon Pither was the Company's co-founder and was instrumental in its development and flotation. We thank him for his substantial contribution to the growth of the Company.

The Company's retained broker, St Helen's Capital, has agreed to stand down. The Company's NOMAD, Strand Partners Limited, will assume their role with immediate effect.

Outlook

While the environment continues to be challenging, I am very confident that our executive team will continue to deliver success in the future.

The strength of our businesses is dependent on the quality of our long-term relationships and partnering agreements with the main contractors and blue chip builders involved in both public and private client contracts. The Northern Bear brand continues to strengthen as trade grows with this customer base.

Our strategy of repositioning the businesses away from new house build, which now accounts for only 4% of Group turnover (2008: 13%) was taken at a very early stage in the cycle and has helped insulate us from the severe downturn in that sector. We are very mindful however, of maintaining a spread of businesses and consider it essential to retain a presence in the new house build sector for when the inevitable upturn arrives. We are already experiencing a slight upturn in our new house build businesses, even though a degree of pricing pressure remains.

With regard to any future acquisitions, it is our intention to fund these with a combination of vendor equity and from the Company's own resources, rather than as previously using vendor equity and bank debt.

We believe that this approach will both help maintain our solid financial base and continue our growth, ensuring we do not jeopardise what we have achieved over the past two and half years. Together with the strong defensive qualities of our business, this will ensure we are best positioned to survive the tough times and prosper and flourish in the good times.

We have proved that our businesses are able to continue to deliver real profits and cash generation in the toughest of trading environments. Opportunities will present themselves over the coming months and I believe we are well placed to capitalise upon these as we emerge from the current downturn.

People

Since becoming Chairman in October 2008, I have been continually impressed by the skill, enthusiasm and expertise of our management. These qualities, above all else, are our greatest assets and give me confidence for the coming year. I would like to thank all of our employees across the group for their contribution to our excellent results.

Howard Gold
Chairman

Consolidated income statement
for the year ended 31 March 2009 (unaudited)

	Note	2009		2008	
		£000	£000	£000	£000
Revenue			41,758		32,241
Cost of sales			(29,609)		(22,777)
			<hr/>		<hr/>
Gross profit			12,149		9,464
Other operating income			27		46
Administrative expenses					
Exceptional expenses		(129)		-	
Share based payments		(91)		(196)	
Other expenses		(8,339)		(6,106)	
			(8,559)		(6,302)
			<hr/>		<hr/>
Operating profit			3,617		3,208
Finance income			25		64
Finance expenses					
Finance expense		(785)		(613)	
Exceptional expense		-		(407)	
			<hr/>		<hr/>
			(785)		(1,020)
			<hr/>		<hr/>
Profit before income tax			2,857		2,252
Income tax expense			(685)		(694)
			<hr/>		<hr/>
Profit for the period			2,172		1,558
			<hr/> <hr/>		<hr/> <hr/>
Basic earnings per share	4		11.5p		10.3p
			<hr/>		<hr/>
Diluted earnings per share	4		11.5p		9.4p
			<hr/> <hr/>		<hr/> <hr/>

Consolidated statement of changes in equity
for the year ended 31 March 2009 (unaudited)

	2009	2008
	£000	£000
Profit for the period	2,172	1,558
Shares issued	1,819	6,556
Share based payments	91	196
Dividends	(564)	(169)
	<hr/>	<hr/>
Net increase in total equity	3,518	8,141
Total equity at start of period	17,757	9,616
	<hr/>	<hr/>
Total equity at end of period	21,275	17,757
	<hr/> <hr/>	<hr/> <hr/>

Consolidated balance sheet
at 31 March 2009 (unaudited)

	2009	2008
	£000	£000
Assets		
Property, plant and equipment	3,705	2,177
Intangible assets	25,264	20,788
Other investments	11	11
Deferred tax assets	-	11
	<hr/>	<hr/>
Total non-current assets	28,980	22,987
	<hr/>	<hr/>
Inventories	929	311
Trade and other receivables	7,482	8,165
Prepayments for current assets	370	277
Cash and cash equivalents	750	714
	<hr/>	<hr/>
Total current assets	9,531	9,467
	<hr/>	<hr/>
Total assets	38,511	32,454
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Share capital	190	170
Share premium	5,169	5,021
Reserves	12,586	10,935
Retained earnings	3,330	1,631
	<hr/>	<hr/>
Total equity attributable to equity holders of the company	21,275	17,757
	<hr/>	<hr/>
Liabilities		
Loans and borrowings	4,671	3,400
Deferred tax liabilities	48	-
	<hr/>	<hr/>
Total non-current liabilities	4,719	3,400
	<hr/>	<hr/>
Bank overdraft	3,489	2,283
Loans and borrowings	1,881	1,501
Trade and other payables	6,241	6,044
Current tax payable	456	869
Deferred income	450	600
	<hr/>	<hr/>
Total current liabilities	12,517	11,297
	<hr/>	<hr/>
Total liabilities	17,236	14,697
	<hr/>	<hr/>
Total equity and liabilities	38,511	32,454
	<hr/> <hr/>	<hr/> <hr/>

Consolidated statement of cash flows
for the year ended 31 March 2009 (unaudited)

	2009	2008
	£000	£000
Cash flows from operating activities		
Profit for the period	2,172	1,558
<i>Adjustments for:</i>		
Depreciation	670	329
Finance income	(25)	(64)
Finance expense	785	1,020
Loss on sale of property, plant and equipment	(4)	3
Equity settled share-based payment transactions	91	196
Income tax expense	685	694
	<hr/> 4,374	<hr/> 3,736
Change in inventories	(527)	(135)
Change in trade and other receivables	1,151	(1,273)
Change in prepayments	22	26
Change in trade and other payables	(723)	98
Change in deferred income	(150)	199
	<hr/> 4,147	<hr/> 2,921
Interest received	25	64
Interest paid	(785)	(1,020)
Tax paid	(1,352)	(1,555)
	<hr/> 2,035	<hr/> 410
Net cash from operating activities		
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	74	22
Acquisition of subsidiary, net of cash acquired	(4,072)	(5,535)
Acquisition of property, plant and equipment	(173)	(295)
	<hr/> (4,171)	<hr/> (5,808)
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from issue of share capital	-	3,906
Payment of transaction costs	-	(337)
Proceeds from new borrowings	3,500	4,500
Repayment of borrowings	(1,740)	(3,395)
Payment of finance lease liabilities	(230)	(74)
Dividends paid	(564)	(169)
	<hr/> 966	<hr/> 4,431
Net cash from financing activities		
Net decrease in cash and cash equivalents	(1,170)	(967)
Cash and cash equivalents at start of period	(1,569)	(602)
	<hr/> (2,739)	<hr/> (1,569)
Cash and cash equivalents at end of period		

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial information set out above has been prepared in accordance with the recognition and measurement requirements of International financial Reporting Standards as adopted by the EU (Adopted IFRSs).

2 Status of financial information

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2009 or 2008. The financial information for 2008 is derived from the statutory accounts for 2008, which have been delivered to the registrar of companies. The auditors have reported on the 2008 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. The statutory accounts for 2009 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

The current economic conditions create an uncertainty over demand for the Group's products and services but the Group forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is expected to have a sufficient level of financial resources available through cash and borrowings and therefore the directors believe that the Group is well placed to manage their business risk successfully despite the economic uncertainty.

3 Acquisitions

a) On 2 April 2008 the company acquired 100% of the issued share capital of A1 Industrial Trucks Limited and subsidiaries. The resulting goodwill was calculated and capitalised as follows:

	Book Value	Fair Value adjustment	Fair Value
	£000	£000	£000
Fixed assets			
Tangible	1,641	(72)	1,569
Current assets			
Stock	37	-	37
Debtors	212	-	212
Cash	1,441	-	1,441
Current liabilities	(537)	-	(537)
Net assets	2,794	(72)	2,722
Goodwill	2,540	72	2,612
Purchase consideration	5,334	-	5,334
Satisfied by:			
Cash			4,197
Shares			1,137
			5,334

b) On 2 April 2008 the company acquired 100% of the issued share capital of DJ McGough Limited and subsidiaries. The resulting goodwill was calculated and capitalised as follows:

	Book Value	Fair Value adjustment	Fair Value
	£000	£000	£000
Fixed assets			
Tangible	98	-	98
Current assets			
Stock	264	(60)	204
Debtors	371	-	371
Cash	484	-	484
Current liabilities			
Bank overdraft	(8)	-	(8)
Other liabilities	(397)	(304)	(701)
Net assets	812	(364)	448
Goodwill	1,500	364	1,864
Purchase consideration	2,312	-	2,312
Satisfied by:			
Cash			1,792
Shares			520
			2,312

4 Earnings per share

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

	2009	2008
Profit for the period (£000)	2,172	1,558
Weighted average number of ordinary shares ('000)	18,814	15,103
Earnings per share	11.5p	10.3p

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:

	2009	2008
Profit for the period (£000)	2,172	1,558
Weighted average number of ordinary shares ('000)	18,814	15,103
Earnings per share	11.5p	9.4p

5 Dividends

The following tables analyse dividends paid and the year to which they relate

	2009	£000	2008	£000
	Pence per share		Pence per share	
2009 interim dividend	1.0	188	-	-
2008 final dividend	2.0	376	-	-
2008 interim dividend	-	-	1.0	169

Dividend proposed at year end and not included as a liability in the accounts

	2009	£000	2008	£000
	Pence per share		Pence per share	
2008 final dividend	-	-	2.0	376
		-	-	376

These preliminary results will be available on the Company's website www.northern-bear.com. Further copies can be obtained from the registered office at Unit 1 Station House Station Road Chester-le-Street County Durham DH3 3DU.