

COMPANY REGISTRATION NUMBER 5619644

ROOF WAREHOUSE PLC
FINANCIAL STATEMENTS
31 DECEMBER 2007



AGP

Chartered Accountants & Registered Auditors
Sycamore House
Sutton Quays Business Park
Sutton Quays
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Cheshire
WA7 3EH

ROOF WAREHOUSE PLC

FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

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ROOF WAREHOUSE PLC

THE DIRECTOR'S REPORT

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

The director presents his report and the financial statements of the group for the period from 1 October 2006 to 31 December 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Roof Warehouse PLC is a holding company to subsidiary companies whose principal activity is that of the wholesale of roofing products and accessories

Roof Warehouse is a specialist roofing material distributor serving the contractor market with plans which deliver a UK wide branch network. Roof Warehouse currently has 5 branches - Scotland, West Midlands, East London, Bristol and South Coast. The business has grown at a slower rate than first expected but has plans to move to a highly focused roofing products distributor following a re structure

The Roof Warehouse teams work at local level to clearly understand customers' needs and requirements in their region and develop offerings which best satisfy them

During this period of set up and expansion the company has inevitably incurred losses and required funding for working capital, branch acquisitions and branch set up costs. This funding has primarily been in the form of equity injections. Accordingly the group does not have any onerous interest or capital repayment commitments

The key objectives for management are to consolidate the activities of the existing branches, ensure their profitable growth and identify and secure suitable new locations to expand the branch network to full UK coverage

Management are in very close day to day contact with all aspects of the businesses' activities which allows them to monitor and assess business performance. In addition a number of key measures are used to control the business including branch profitability, working capital and cash flow

The business has centralised its key financial and back office functions at Leyland to aid management control and maximise synergies and has plans to move group purchasing and professional services over the next six months

The group is intrinsically linked to activity in the roofing sector of the construction and building products industry - both new build and RMI. Additionally with its wide geographic coverage, this factor provides some protection from local and regional fluctuations in activity levels. The management team use their experience of the industry and the close contacts they have to continually monitor and assess industry activity levels and future prospects

RESULTS AND DIVIDENDS

The loss for the period amounted to £1,660,229. The director has not recommended a dividend

ROOF WAREHOUSE PLC

THE DIRECTOR'S REPORT *(continued)*

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows

		At 31 December 2007	At 1 October 2006 or later date of appointment
Mr R J Hand	Ordinary B	25,000	25,000
Mr T J Coleman	Ordinary B	<u>25,000</u>	<u>25,000</u>

Mr D J Macaulay was appointed as a director on 27 May 2007

Mr F McQuade was appointed as a director on 10 December 2007

Mr P J Hand resigned as a director on 7 June 2007

Mr D J Macaulay resigned as a director on 6 November 2007

Mr G H Rowles was appointed as a director on 21 May 2008

Mr T J Coleman resigned as a director on 31 May 2008

Mr F McQuade resigned as a director on 30 April 2008

POLICY ON THE PAYMENT OF CREDITORS

The Company negotiates credit terms with suppliers on an individual basis and meets those terms as set out with each supplier

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

ROOF WAREHOUSE PLC

THE DIRECTOR'S REPORT *(continued)*

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office
Sycamore House
Sutton Quays Business Park
Sutton Weaver
Runcorn
Cheshire
WA7 3EH

Signed by

MR R J HAND
Director

Approved by the director on 4 August 2008

ROOF WAREHOUSE PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROOF WAREHOUSE PLC

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

We have audited the group and parent company financial statements ("the financial statements") of Roof Warehouse PLC for the period from 1 October 2006 to 31 December 2007 on pages 6 to 26, which have been prepared on the basis of the accounting policies set out on pages 10 to 12

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ROOF WAREHOUSE PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROOF WAREHOUSE PLC *(continued)*

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policy concerning the company's ability to continue as a going concern. The group incurred a net loss of £1,660,229 during the period ended 31 December 2007 and at that date the total liabilities exceeded its total assets by £185,038. The continuity of the business as a going concern is subject to the realisation of a drastic reorganisation plan, which is currently being implemented. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

In addition, we draw attention to note 4 to the financial statements. We have considered the adequacy of the disclosure made in note 4 concerning the company's problems with stock control and incollectable debts. The differences arising from these control issues have been quantified and disclosed within exceptional items on the face of the profit and loss account.



AGP
Chartered Accountants
& Registered Auditors

Sycamore House
Sutton Quays Business Park
Sutton Quays
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WA7 3EH

4 August 2008

ROOF WAREHOUSE PLC

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

	Note	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
GROUP TURNOVER	2	10,087,966	2,349,989
Cost of sales		<u>8,269,962</u>	<u>1,929,070</u>
GROSS PROFIT		1,818,004	420,919
Distribution costs		216,200	44,899
Administrative expenses		3,329,323	697,087
Other operating income	3	<u>(40,671)</u>	<u>(530)</u>
OPERATING LOSS	4	(1,686,848)	(320,537)
Attributable to			
Operating loss before exceptional items		(1,314,456)	(320,537)
Exceptional items	4	<u>(372,392)</u>	<u>—</u>
		(1,686,848)	(320,537)
Interest receivable and similar income		50,341	347
Interest payable and similar charges	7	<u>(23,722)</u>	<u>(4,619)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,660,229)	(324,809)
Tax on loss on ordinary activities	8	—	—
LOSS FOR THE FINANCIAL PERIOD	9	<u>(1,660,229)</u>	<u>(324,809)</u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the period as set out above

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 10 to 26 form part of these financial statements

ROOF WAREHOUSE PLC

GROUP BALANCE SHEET

31 DECEMBER 2007

	Note	31 Dec 07 £	30 Sep 06 £
FIXED ASSETS			
Intangible assets	10	676,126	779,276
Tangible assets	11	425,852	380,138
		<u>1,101,978</u>	<u>1,159,414</u>
CURRENT ASSETS			
Stocks	13	920,013	761,743
Debtors	14	1,960,814	1,227,317
Cash at bank and in hand		720,343	702
		<u>3,601,170</u>	<u>1,989,762</u>
CREDITORS: Amounts falling due within one year	15	3,627,746	1,711,522
NET CURRENT (LIABILITIES)/ASSETS		<u>(26,576)</u>	<u>278,240</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,075,402</u>	<u>1,437,654</u>
CREDITORS: Amounts falling due after more than one year	16	1,260,440	1,262,463
		<u>(185,038)</u>	<u>175,191</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	1,800,000	500,000
Profit and loss account	22	(1,985,038)	(324,809)
(DEFICIT)/SHAREHOLDERS' FUNDS	23	<u>(185,038)</u>	<u>175,191</u>

These financial statements were approved and signed by the director and authorised for issue on 4 August 2008

MR R J HAND
Director



The notes on pages 10 to 26 form part of these financial statements

ROOF WAREHOUSE PLC

BALANCE SHEET

31 DECEMBER 2007

	Note	31 Dec 07 £	30 Sep 06 £
FIXED ASSETS			
Intangible assets	10	59,045	68,568
Tangible assets	11	364,551	358,433
Investments	12	6	4
		<u>423,602</u>	<u>427,005</u>
CURRENT ASSETS			
Debtors	14	2,428,703	1,267,571
Cash at bank		106,391	15,440
		<u>2,535,094</u>	<u>1,283,011</u>
CREDITORS: Amounts falling due within one year	15	258,950	78,203
NET CURRENT ASSETS		<u>2,276,144</u>	<u>1,204,808</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,699,746</u>	<u>1,631,813</u>
CREDITORS: Amounts falling due after more than one year	16	1,260,440	1,262,463
		<u>1,439,306</u>	<u>369,350</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	1,800,000	500,000
Profit and loss account	22	(360,694)	(130,650)
SHAREHOLDERS' FUNDS		<u>1,439,306</u>	<u>369,350</u>

These financial statements were approved and signed by the director and authorised for issue on 4 August 2008

MR R J HAND
Director

The notes on pages 10 to 26 form part of these financial statements

ROOF WAREHOUSE PLC
GROUP CASH FLOW CASH FLOW STATEMENT
PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

	Note	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	24	(1,130,474)	(883,423)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24	(28,556)	(8,274)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	24	(71,785)	(1,212,086)
CASH OUTFLOW BEFORE FINANCING		(1,230,815)	(2,103,783)
FINANCING	24	1,288,074	1,783,301
INCREASE/(DECREASE) IN CASH	24	<u>57,259</u>	<u>(320,482)</u>

The notes on pages 10 to 26 form part of these financial statements

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

During the period, the group has made losses and has net liabilities. However, the financial statements have been prepared on a going concern basis due to the continued support of the shareholders, which have confirmed will be forthcoming. The accounts do not include adjustments that would be necessary if the group was unable to continue as a going concern.

Since 31 December 2007 the shareholders have made cash injections into the company totalling £1,210,000

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 10% Straight line

Fixed assets

All fixed assets are initially recorded at cost.

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property - Straight line over life of lease

Fixture & Fittings - 15% Straight line

Motor Vehicles - 25% Reducing balance

Computer Equipment - 33% Straight line

In accordance with Financial Reporting Standard 15 no depreciation has been charged on the land element of the freehold property

The directors have also chosen not to depreciate the building integral to this land as in their opinion the property is maintained to such a standard that it's remaining useful economic life is far in excess of fifty years and therefore the depreciation would be immaterial. The directors will review this policy annually and consider any impairment that may have occurred and consider the impact of such impairment on the financial statements

Stocks

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

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group. An analysis of turnover is given below

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
United Kingdom	<u>10,087,966</u>	<u>2,349,989</u>

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

3. OTHER OPERATING INCOME

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Profit on disposal of fixed assets	4,150	–
Other operating income	36,521	530
	<u>40,671</u>	<u>530</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Amortisation	103,150	41,876
Depreciation of owned fixed assets	24,528	6,241
Depreciation of assets held under finance lease agreements	5,693	4,555
Profit on disposal of fixed assets	(4,150)	–
Auditor's remuneration		
- as auditor	36,550	20,000
- for other services	74,447	36,761
Operating lease costs		
Plant and equipment	–	(10,396)
Other	247,920	64,045
Net loss on foreign currency translation	4,345	–
Exceptional item - stock losses	312,668	–
Exceptional item - incollectable debts	59,724	–

During the period under review Roof Warehouse (East London) Limited has encountered problems with stock control, resulting in major stock losses and identified certain incollectable debts. The effects of the stock losses have been quantified and are included within Exceptional items on the face of the Profit and Loss account. The incollectable debts have also been quantified and are included within Exceptional items on the face of the Profit and Loss account.

Enforcement of proper stock control and credit control mechanisms are part of the reorganisation plan that is currently being implemented.

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial period amounted to

	Period from 1 Oct 06 to 31 Dec 07 No	Period from 11 Nov 05 to 30 Sep 06 No
Number of distribution staff	27	8
Number of administrative staff	11	14
Number of management staff	8	4
	<u>46</u>	<u>26</u>

The aggregate payroll costs of the above were

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Wages and salaries	1,200,711	251,768
Social security costs	111,606	48,112
Other pension costs	10,987	—
Other pension costs		
Pensions paid to former employees	9,061	1,554
	<u>1,332,365</u>	<u>301,434</u>

6. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Emoluments receivable	176,781	65,619
Value of company pension contributions to money purchase schemes	9,061	1,554
	<u>185,842</u>	<u>67,173</u>

The number of directors who accrued benefits under company pension schemes was as follows

	Period from 1 Oct 06 to 31 Dec 07 No	Period from 11 Nov 05 to 30 Sep 06 No
Money purchase schemes	<u>2</u>	<u>2</u>

ROOF WAREHOUSE PLC
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Finance charges	955	(1,317)
Other similar charges payable	22,767	5,936
	<u>23,722</u>	<u>4,619</u>

8 TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20% (2006 - 19%)

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Loss on ordinary activities before taxation	(1,660,229)	(324,809)
Loss on ordinary activities by rate of tax	(332,046)	(61,714)
Expenses not deductible for tax purposes	16,112	(27,916)
Capital allowances for period in (excess) / deficit of depreciation	(1,615)	898
Unrelieved tax losses	317,549	88,732
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

As at the period ended 31 December 2007, the group had tax losses of £2,233,958 available to be carried forward for use against future profits

9 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £(230,044) (2006 - £(130,650))

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 October 2006 and 31 December 2007	<u>821,152</u>
AMORTISATION	
At 1 October 2006	41,876
Charge for the period	<u>103,150</u>
At 31 December 2007	<u>145,026</u>
NET BOOK VALUE	
At 31 December 2007	<u>676,126</u>
At 30 September 2006	<u>779,276</u>
Company	Goodwill £
COST	
At 1 October 2006 and 31 December 2007	<u>76,187</u>
AMORTISATION	
At 1 October 2006	7,619
Charge for the period	<u>9,523</u>
At 31 December 2007	<u>17,142</u>
NET BOOK VALUE	
At 31 December 2007	<u>59,045</u>
At 30 September 2006	<u>68,568</u>

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

11. TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 October 2006	343,154	3,901	18,220	25,659	390,934
Additions	27,731	8,675	–	39,529	75,935
At 31 December 2007	<u>370,885</u>	<u>12,576</u>	<u>18,220</u>	<u>65,188</u>	<u>466,869</u>
DEPRECIATION					
At 1 October 2006	–	448	4,555	5,793	10,796
Charge for the period	3,498	1,234	5,693	19,796	30,221
At 31 December 2007	<u>3,498</u>	<u>1,682</u>	<u>10,248</u>	<u>25,589</u>	<u>41,017</u>
NET BOOK VALUE					
At 31 December 2007	<u>367,387</u>	<u>10,894</u>	<u>7,972</u>	<u>39,599</u>	<u>425,852</u>
At 30 September 2006	<u>343,154</u>	<u>3,453</u>	<u>13,665</u>	<u>19,866</u>	<u>380,138</u>

Finance lease agreements

Included within the net book value of £425,852 is £7,971 (2006 - £13,664) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £5,693 (2006 - £4,555).

Company	Freehold Property £	Motor Vehicles £	Equipment £	Total £
COST				
At 1 October 2006	343,154	18,219	1,900	363,273
Additions	–	–	13,077	13,077
At 31 December 2007	<u>343,154</u>	<u>18,219</u>	<u>14,977</u>	<u>376,350</u>
DEPRECIATION				
At 1 October 2006	–	4,555	285	4,840
Charge for the period	–	5,693	1,266	6,959
At 31 December 2007	<u>–</u>	<u>10,248</u>	<u>1,551</u>	<u>11,799</u>
NET BOOK VALUE				
At 31 December 2007	<u>343,154</u>	<u>7,971</u>	<u>13,426</u>	<u>364,551</u>
At 30 September 2006	<u>343,154</u>	<u>13,664</u>	<u>1,615</u>	<u>358,433</u>

Included in Freehold and Leasehold Property are Leasehold property improvement additions of £27,731 with a corresponding depreciation charge for the period of £3,498 to give a net book value at 31 December 2007 of £24,233.

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

11. TANGIBLE FIXED ASSETS *(continued)*

Finance lease agreements

Included within the net book value of £364,551 is £7,971 (2006 - £13,664) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £5,693 (2006 - £4,555).

12. INVESTMENTS

Company	Group companies £
COST	
At 1 October 2006	4
Additions	2
At 31 December 2007	<u>6</u>
NET BOOK VALUE	
At 31 December 2007	<u>6</u>
At 30 September 2006	<u>4</u>

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

Subsidiary undertakings

All held by the company

The company owns 1 ordinary share representing 100% holding of The Roof Warehouse (West Midlands) Limited, a company registered in England & Wales whose principal activity is the wholesale of roofing products and accessories

The company owns 1 ordinary share representing 100% holding of The Roof Warehouse (Scotland) Limited, a company registered in England & Wales whose principal activity is the wholesale of roofing products and accessories

The company owns 1 ordinary share representing 100% holding of Roof Warehouse (East London) Limited, a company registered in England & Wales whose principal activity is the wholesale of roofing products and accessories

The company owns 1 ordinary share representing 100% holding of The Roof Warehouse (Bristol)Limited, formerly The Roof Warehouse (South Wales) Limited, whose principal activity is the wholesale of roofing products and accessories

On 24 January 2007 the company acquired 1 ordinary share representing 100% holding of Roof Warehouse (South Coast) Limited, a company registered in England & Wales whose principal activity is the wholesale of roofing products and accessories. The trading and assets from that date have been consolidated into the group accounts using the acquisition method. The directors do not believe that the fair value at the date of acquisition of the assets and liabilities of this company differed materially from the book values at that date.

On 24 January 2007 the company acquired 1 ordinary share representing 100% holding of Roof Warehouse (Wolverhampton) Limited, a company registered in England and Wales. This company remained dormant from incorporation and has yet to commence trading.

13. STOCKS

	Group		Company	
	31 Dec 07	30 Sep 06	31 Dec 07	30 Sep 06
	£	£	£	£
Stock	<u>920,013</u>	<u>761,743</u>	<u>—</u>	<u>—</u>

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

14. DEBTORS

	Group		Company	
	31 Dec 07	30 Sep 06	31 Dec 07	30 Sep 06
	£	£	£	£
Trade debtors	1,670,239	1,114,894	–	–
Amounts owed by group undertakings	–	–	2,272,102	1,256,222
VAT recoverable	–	29,216	19,373	2,707
Other debtors	43,016	4,546	682	4,425
Prepayments and accrued income	247,559	78,661	136,546	4,217
	<u>1,960,814</u>	<u>1,227,317</u>	<u>2,428,703</u>	<u>1,267,571</u>

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	31 Dec 07	30 Sep 06	31 Dec 07	30 Sep 06
	£	£	£	£
Bank loans and overdrafts	993,651	335,238	133,271	14,054
Trade creditors	2,336,693	1,182,832	92,870	35,891
Finance lease agreements	850	6,784	850	6,784
Other creditors including taxation and social security				
PAYE and social security	31,154	17,810	8,620	4,169
VAT	37,217	–	–	–
Other creditors	5,481	–	1,567	922
Accruals and deferred income	222,700	168,858	21,772	16,383
	<u>3,627,746</u>	<u>1,711,522</u>	<u>258,950</u>	<u>78,203</u>

There is a right to set off the bank balances between the group companies within Roof Warehouse PLC. As at 31 December 2007, the maximum overdrawn balance across the group amounted to £265,672.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	31 Dec 07	30 Sep 06	31 Dec 07	30 Sep 06
	£	£	£	£
Bank loans and overdrafts	<u>993,651</u>	<u>335,238</u>	<u>133,271</u>	<u>14,054</u>

The secured debts as detailed are secured against the property owned by Roof Warehouse PLC by a mortgage debenture and mortgage charge.

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	31 Dec 07	30 Sep 06	31 Dec 07	30 Sep 06
	£	£	£	£
Bank loans and overdrafts	251,452	260,090	251,452	260,090
Finance lease agreements	–	2,373	–	2,373
Shares classed as financial liabilities	1,000,000	600,000	1,000,000	600,000
Other creditors	8,988	400,000	8,988	400,000
	<u>1,260,440</u>	<u>1,262,463</u>	<u>1,260,440</u>	<u>1,262,463</u>

The Shares classed as financial liabilities shown above represent 1,000,000 Preference Shares of £1 each

The Company shall redeem all the Preference Shares then in issue immediately prior to an Exit Event. Subject to investor consent, the Company may, at any time on not less than 25 Business Days' notice in writing to the holders of Preference Shares, redeem, in multiples of not less than 50,000 Preference Shares, such total number of Preference Shares as specified in such notice.

There shall be paid on the redemption of each Preference Share an amount equal to 100% of the Issue Price thereof and all accruals and/or unpaid amounts of Preference Dividend in respect thereof.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	31 Dec 07	30 Sep 06	31 Dec 07	30 Sep 06
	£	£	£	£
Bank loans and overdrafts	<u>251,452</u>	<u>260,090</u>	<u>251,452</u>	<u>260,090</u>

The secured debts as detailed are secured against the property owned by Roof Warehouse PLC by a mortgage debenture and mortgage charge.

17. DERIVATIVES

No disclosure is required regarding derivatives.

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the group had annual commitments under non-cancellable operating leases as set out below

Group	31 Dec 07		30 Sep 06	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire				
Within 1 year	-	27,365	-	-
Within 2 to 5 years	-	26,189	-	38,056
After more than 5 years	128,000	-	124,000	-
	<u>128,000</u>	<u>53,554</u>	<u>124,000</u>	<u>38,056</u>

19. CONTINGENCIES

In accordance with the Articles of Association holders of Preference shares, in priority to the dividends on any other class of share, are entitled to a fixed cumulative preferential net cash dividend at the rate of 5.25% per annum of the Issue Price of each Preference Share to be carried forward and any dividends paid to the Preference shareholders shall be applied in reducing the arrears of the Preference dividend. As at 31 December 2007 the amount of cumulative Preference dividend carried forward was £69,904.

20. RELATED PARTY TRANSACTIONS

The company was under the control of the directors throughout the current period. Mr R J Hand and T J Coleman are the managing directors. Mr Hand and Mr Coleman are both directors and shareholders of Hamsard 3028 Limited a company registered in the UK and which owns 100,000 ordinary B shares in the company. Mr Hand and Mr Coleman each own 25% of the share capital of Hamsard 3028 Limited giving them each an effective shareholding in the company of 5% of the voting rights.

Mr F McQuade was appointed as an interim director during the period. During this time the company entered into transactions for services with FM Interim Management Limited a company incorporated in England & Wales in which Mr McQuade is the director and shareholder. The value of these transactions in the period was £34,665.

During the period the company entered into transactions for services with Philip Hand Productions, a business controlled by Mr P J Hand. The value of the services paid for in the period was £18,000 (2006: £16,000).

In the opinion of the directors there was no ultimate controlling company of the group as at the balance sheet date.

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

21. SHARE CAPITAL

Authorised share capital:

	31 Dec 07 £	30 Sep 06 £
1,900,000 Ordinary A shares of £1 each	1,900,000	400,000
100,000 Ordinary B shares of £1 each	100,000	100,000
2,000,000 Preference shares of £1 each	2,000,000	1,000,000
	<u>4,000,000</u>	<u>1,500,000</u>

Allotted, called up and fully paid:

	31 Dec 07		30 Sep 06	
	No	£	No	£
Ordinary A shares of £1 each	1,700,000	1,700,000	400,000	400,000
Ordinary B shares of £1 each	100,000	100,000	100,000	100,000
Preference shares of £1 each	1,000,000	1,000,000	600,000	600,000
	<u>2,800,000</u>	<u>2,800,000</u>	<u>1,100,000</u>	<u>1,100,000</u>

	31 Dec 07 £	30 Sep 06 £
Amounts presented in equity:		
Ordinary A shares of £1 each	1,700,000	400,000
Ordinary B shares of £1 each	100,000	100,000
	<u>1,800,000</u>	<u>500,000</u>

Amounts presented in liabilities:

Preference shares of £1 each	<u>1,000,000</u>	<u>600,000</u>
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During the year the Company allotted 1,300,000 new Ordinary A £1 00 shares in the capital of the Company for cash by way of a rights issue

The Company also allotted 400,000 Preference Shares of £1 each in the capital of the Company for cash at par

22. RESERVES

Group	Profit and loss account £
Balance brought forward	(324,809)
Loss for the period	<u>(1,660,229)</u>
Balance carried forward	<u>(1,985,038)</u>

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

22. RESERVES *(continued)*

Company	Profit and loss account £
Balance brought forward	(130,650)
Loss for the period	(230,044)
Balance carried forward	<u>(360,694)</u>

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Dec 07 £	30 Sep 06 £
Loss for the financial period	(1,660,229)	(324,809)
New ordinary share capital subscribed	<u>1,300,000</u>	<u>500,000</u>
Net (reduction)/addition to shareholders' funds	(360,229)	175,191
Opening shareholders' funds	<u>175,191</u>	<u>-</u>
Closing shareholders' (deficit)/funds	<u>(185,038)</u>	<u>175,191</u>

24. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Operating loss	(1,686,848)	(320,537)
Interest payable	55,175	4,002
Amortisation	103,150	41,876
Depreciation	30,221	10,796
Profit on disposal of fixed assets	(4,150)	-
Increase in stocks	(158,270)	(761,743)
Increase in debtors	(733,497)	(1,227,317)
Increase in creditors	<u>1,263,745</u>	<u>1,369,500</u>
Net cash outflow from operating activities	<u>(1,130,474)</u>	<u>(883,423)</u>

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

24. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Interest received	50,341	347
Interest paid	(77,942)	(9,938)
Interest element of finance leases	(955)	1,317
Net cash outflow from returns on investments and servicing of finance	<u>(28,556)</u>	<u>(8,274)</u>

CAPITAL EXPENDITURE

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Payments to acquire intangible fixed assets	–	(821,152)
Payments to acquire tangible fixed assets	(75,935)	(390,934)
Receipts from sale of fixed assets	4,150	–
Net cash outflow from capital expenditure	<u>(71,785)</u>	<u>(1,212,086)</u>

FINANCING

	Period from 1 Oct 06 to 31 Dec 07 £	Period from 11 Nov 05 to 30 Sep 06 £
Issue of equity share capital	1,300,000	500,000
Issue of shares classed as financial liabilities	400,000	600,000
(Repayment of)/increase in bank loans	(12,607)	274,144
Capital element of finance leases	(8,307)	9,157
Net (outflow)/inflow from other long-term creditors	(391,012)	400,000
Net cash inflow from financing	<u>1,288,074</u>	<u>1,783,301</u>

ROOF WAREHOUSE PLC

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 2006 TO 31 DECEMBER 2007

24. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 Dec 07 £	30 Sep 06 £
Increase/(decrease) in cash in the period	57,259	(320,482)
Net cash outflow from/(inflow) from bank loans	12,607	(274,144)
Net cash (inflow) from issue of shares classed as financial liabilities	(400,000)	(600,000)
Cash outflow in respect of finance leases	8,307	(9,157)
Net cash outflow from/(inflow) from other long-term creditors	391,012	(400,000)
	<u>69,185</u>	<u>(1,603,783)</u>
Change in net debt	69,185	(1,603,783)
Net debt at 1 October 2006	(1,603,783)	–
Net debt at 31 December 2007	<u>(1,534,598)</u>	<u>(1,603,783)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Oct 2006 £	Cash flows £	At 31 Dec 2007 £
Net cash			
Cash in hand and at bank	702	719,641	720,343
Overdrafts	(321,184)	(662,382)	(983,566)
	<u>(320,482)</u>	<u>57,259</u>	<u>(263,223)</u>
Debt			
Debt due within 1 year	(14,054)	3,969	(10,085)
Debt due after 1 year	(1,260,090)	(350)	(1,260,440)
Finance lease agreements	(9,157)	8,307	(850)
	<u>(1,283,301)</u>	<u>11,926</u>	<u>(1,271,375)</u>
Net debt	<u>(1,603,783)</u>	<u>69,185</u>	<u>(1,534,598)</u>