

Company number: 1493003

Alun Griffiths (Contractors) Limited
Directors' Report And Financial Statements
For the Year Ended 31 December 2005

P.W. Lang & Co.
Chartered Certified Accountants
and Registered Auditor
12 Torfaen Business Centre
Panteg Way
New Inn
Torfaen. NP4 0LS.



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Alun Griffiths (Contractors) Limited
Directors' Report & Financial Statements
Year Ended 31 December 2005

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Alun Griffiths (Contractors) Limited
Officers and Professional Advisors
Year Ended 31 December 2005

<u>Directors</u>	:	A.Griffiths T.Clark
<u>Secretary</u>	:	W.H.Brown
<u>Registered Office</u>	:	19 - 23 Neville Street Abergavenny Monmouthshire.
<u>Solicitors</u>	:	Gabb & Co. Monk Street Abergavenny Monmouthshire.
<u>Bankers</u>	:	Lloyds Bank Plc Carlyle House Cathedral Road Cardiff.
<u>Auditors</u>	:	P.W.Lang & Co Chartered Certified Accountants and Registered Auditors 12 Torfaen Business Centre Panteg Way New Inn Torfaen.

Alun Griffiths (Contractors) Limited
Report of the Directors
Year Ended 31 December 2005

The directors present their report together with the financial statements for the year ended 31 December 2005.

1. Principle Activity

The principal activity of the company continues to be building and civil engineering.

2. Review of Business

The company has continued to work upgrading and maintaining roads in South Wales and the West Country.

3. Trading Results

The results for the year are set out on page 6.

The final Dividend for the year is £100,000 (Nil – 2004).

4. Fixed Assets

The details of the movements in fixed assets are shown in note 10 to the financial statements.

In the opinion of the directors the value of the company's freehold land and buildings is not materially different from the book value included in the financial statements.

5. Future Developments

The company does not plan any developments other than a continuation of its current activities.

6. Ultimate Holding Company

The Ultimate Holding Company at 31 December 2005 is Main Unit Limited.

7. Directors

The directors who served during the year and their beneficial interests in the issued ordinary share capital of Main Unit Ltd were as follows: -

	<u>Number of Shares</u>	
	<u>2005</u>	<u>2004</u>
A. Griffiths	1,000	1,000
T.Clark	nil	nil

Alun Griffiths (Contractors) Limited
Report of the Directors (cont)
Year Ended 31 December 2005

8. Charitable Donations

The company contributed £4,212 to Charities.

9. Employees


The company is committed to equal opportunities that include promoting training and career development for all employees. Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age or religion.

10. Auditors

The auditors, P.W.Lang & Co, Chartered Certified Accountants and Registered Auditors are deemed to be reappointed in accordance with Section 386 of the Companies Act 1985 by virtue of an elective resolution passed on 15 October 1992.

This report was approved by the board on 8th August 2006.

Signed on behalf of directors.

 A.Griffiths (Director)

Alun Griffiths (Contractors) Limited
Accounting Period Ended 31 December 2005
Statement of Directors and Auditor's Responsibilities

Directors' Responsibility for the Accounts

The following statement, which should be read in conjunction with the Statement of Auditors' Responsibilities set out below, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

In accordance with the Companies Act 1985, the Directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss for that period. The Directors consider that in preparing the accounts, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company enabling them to ensure that the accounts comply with the Companies Act 1985. The Directors have a general responsibility to take reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Statement of Auditors' Responsibility

The Auditors are required to form an independent opinion on the accounts presented by the Directors, based on their audit, of whether the accounts give a true and fair view and comply with the Companies Act 1985 and also report their opinion to shareholders if the following requirements are not met;

- a) That the Company maintained appropriate accounting records;
- b) That the accounts are in agreement with the accounting records;
- c) That the Auditors have obtained all the information and explanations, which, to the best of their knowledge and belief, are necessary for the purpose of their audit.
- d) That the contents of the Directors' report are consistent with the accounts.

Report of the Auditors
To the members of
Alun Griffiths (Contractors) Limited
Accounting Period Year Ended 31 December 2005

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors.

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 directors' remuneration and transactions with the company is not disclosed.

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

Basis of Opinion

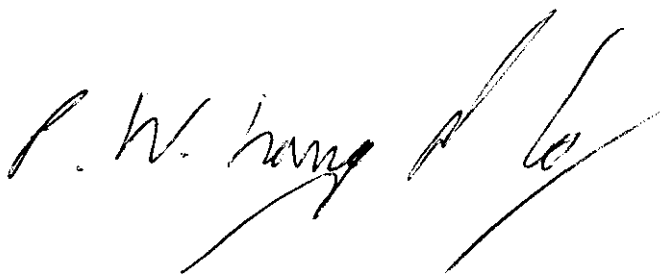
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts are free from material mis-statement, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2005 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

P.W.Lang & Co;
Chartered Certified Accountants
and Registered Auditors
12 Torfaen Business Centre
Panteg Way
New Inn
Torfaen. NP4 0LS.

A handwritten signature in black ink, appearing to read 'P. W. Lang & Co.', written in a cursive style.

8th August 2006

Alun Griffiths (Contractors) Limited
Profit and Loss Account
For the Year Ended 31 December 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
Turnover	2	44,691,779	41,551,894
Cost of sales		<u>39,767,832</u>	<u>37,614,555</u>
Gross Profit		4,923,947	3,937,339
Administrative Expenses		<u>4,377,994</u>	<u>3,640,609</u>
Operating profit/(Loss)	3	545,953	296,730
Other Interest & Similar Income		<u>31,244</u>	<u>17,403</u>
		577,197	314,133
Interest payable & Similar Charges	6	<u>296,875</u>	<u>161,930</u>
Profit/(loss) on Ordinary activities before taxation		280,322	152,203
Tax on ordinary activities	8	<u>96,116</u>	<u>7,231</u>
Profit/(loss) on ordinary activities after taxation		184,206	144,972
Dividends	7	<u>100,000</u>	<u>-</u>
Profit (Deficit) for the year		84,206	144,972
Retained profit brought forward		<u>937,984</u>	<u>793,012</u>
Retained profit carried forward		£ <u>1,022,190</u>	£ <u>937,984</u>

None of the company's activities were acquired or discontinued during the above two years.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 9 to 15 form part of these financial statements.

Alun Griffiths (Contractors) Limited
Balance Sheet
As at 31 December 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	10	4,888,607	5,523,596
<u>Current Assets</u>			
Stock and Work in Progress	11	2,718,144	3,622,052
Debtors	12	5,265,533	4,506,874
Cash at Hand and in Bank		<u>1,124,656</u>	<u>954,297</u>
		9,108,333	9,083,223
<u>Creditors Due Within One Year</u>	13	<u>11,669,779</u>	<u>12,048,054</u>
<u>Net Current Assets(liabilities)</u>		<u>(2,561,446)</u>	<u>(2,964,831)</u>
<u>Total Assets less Current Liabilities</u>		2,327,161	2,558,765
<u>Debtors due after one year</u>	14	448,888	-
<u>Creditors Due falling after one year</u>	15	<u>(991,150)</u>	<u>(858,072)</u>
		£ <u>1,784,899</u>	£ <u>1,700,693</u>
<u>Capital and Reserves</u>			
Called up Share Capital	16	562,709	562,709
Revaluation Reserve	17	200,000	200,000
Profit and Loss Account		<u>1,022,190</u>	<u>937,984</u>
		£ <u>1,784,899</u>	£ <u>1,700,693</u>

Signed on behalf of the Board of directors.

 A.Griffiths.

Approved by the board on 8th August 2006.

The notes on pages 9 to 15 form part of these financial statements.

Alun Griffiths (Contractors) Limited
Cash Flow Statement
For the Year Ended 31 December 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
<u>Net Cash Flow from</u>			
<u>Operating Activities</u>	18	1,430,357	(1,179,921)
<u>Returns on Investments & Servicing</u>			
<u>of Finance</u>			
Interest received		31,244	17,403
Interest paid on finance leases & bank loans		(410,348)	(161,930)
Dividends paid		-	-
<u>Net Cash Flow from Returns on</u>			
<u>Investments & Servicing of Capital</u>		(379,104)	(144,527)
Tax paid		-	(107,978)
<u>Investing Activities</u>			
Payments to acquire tangible fixed assets		(483,161)	(2,448,897)
Receipts from sale of tangible fixed assets		26,750	38,661
Net cash inflow (outflow) from investing activities		<u>(456,411)</u>	<u>(2,410,236)</u>
<u>Net Cash Inflow (outflow) before Financing</u>		594,842	(3,842,662)
<u>Net Cash Inflow (outflow) from Financing</u>		<u>(113,796)</u>	<u>1,515,901</u>
<u>Increase (Decrease) in Cash and Cash</u>			
<u>Equivalents</u>	19	£ <u>481,046</u>	£ <u>(2,326,761)</u>

The notes on pages 9 to 15 form part of these financial statements.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements
For the Year Ended 31 December 2005

1. Accounting Policies

The following accounting policies have been used in dealing with items which are considered material in relation to the company's financial statements.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

b) Turnover

Turnover represents a combination of value of work certified, retention monies held by clients and after taking into consideration the stage of completion of the contract. Turnover is shown net of Value Added Tax.

c) Tangible Fixed Assets and Depreciation

No depreciation is provided on Freehold Land and Buildings. It is the Company's policy to maintain its buildings in such condition that the value of the property, taken as a whole is not impaired by the passage of time. Such expenditure is charged to profits in the period in which it is committed. As a consequence any element of depreciation would, in the opinion of the Directors, be immaterial and no provision for depreciation has been made. Motor Vehicles, Plant & Machinery and Office Furniture and Equipment are depreciated on the reducing balance method, over their expected useful lives, at the following annual rates: -

Motor Vehicles	:	25%
Plant and Machinery	:	20%
Office Furniture & Equipment	:	30%

d) Leasing and Hire Purchase

Assets obtained under finance lease are capitalised as tangible fixed assets and depreciated over the shorter of the lease term or their useful lives. Finance leases are those where substantially all the benefits and risks of ownership are assumed by the company. Assets obtained under hire purchase agreements are capitalised as tangible fixed assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant period rate of charge on the net obligations outstanding in each period.

e) Stock and Work in Progress

Stock includes construction materials.

Work in progress is valued on the basis of either surveyor's certificates or measured calculations.

f) Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future. The deferred tax reduction for the year would have been £10,507. Due to the low annual value it has not been included in the corporation tax charge.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2005

g) **Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2) **Turnover**

All the turnover is within the United Kingdom.

3) **Operating Profit**

The Operating Profit is after charging	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
Depreciation of tangible fixed assets: -		
- owned by the company	438,612	673,980
- held under finance leases	662,025	260,003
Auditor's remuneration	13,250	12,000

4) **Staff Costs**

Staff costs, including directors' remuneration were as follows: -

Wages and Salaries	11,221,295	10,846,497
Social Security Costs	1,126,815	1,113,387
Other Pension Costs - (Defined contribution schemes)	<u>111,243</u>	<u>78,520</u>
	<u>£ 12,359,234</u>	<u>£ 12,038,404</u>

The average weekly number of employees including directors during the year was as follows: -

Management	41	41
Administration	17	17
Production	<u>390</u>	<u>390</u>
	<u>448</u>	<u>448</u>

5) **Directors' Remuneration**

For services as directors		
Other Emoluments	<u>£ 785,055</u>	<u>£ 390,676</u>

Included in the above are emoluments, excluding pension contributions paid to: -

Chairman	757,059	309,606
Other Director	27,996	81,070

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2005

6) <u>Interest Payable</u>	<u>2005</u>	<u>2004</u>
On bank loans, overdrafts and other loans: - Repayable within 5 years, not by instalments	£ <u>290,009</u>	£ <u>143,383</u>
On finance leases and hire purchase contracts	£ <u>113,474</u>	£ <u>56,659</u>

7) Dividends

Interim dividend	£ nil	£ nil
Final dividend	£ <u>100,000</u>	£ <u>nil</u>

8) Taxation

Current year taxation: - Corporation tax @ 30% (2004 - 30%)	96,116	nil
Prior years' taxation	-	7,231
Charge in profit and loss account	£ <u>96,116</u>	£ <u>7,231</u>

9) Deferred Taxation

No provision made for a possible deferred taxation liability since the company retains the majority of the fixed assets until the end of their working life. The tax written down values of plant and vehicles, are very similar to the actual net book value detailed in note 10. The deferred tax charge or the year would be £10,507 if charged to the profit & loss account. *The directors do not feel that this is material.*

10) Tangible Fixed Assets

	<u>Freehold Land & Buildings</u>	<u>Plant & Machinery</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
Cost :	£	£	£	£	£
At 1.1.2005	580,616	6,369,757	2,900,311	133,583	9,984,267
Additions	-	160,680	319,481	3,000	483,161
(Disposals)	-	-	(103,517)	-	(103,517)
Cost & Valuation at 31.12.2005	<u>580,616</u>	<u>6,530,437</u>	<u>3,116,275</u>	<u>136,583</u>	<u>10,363,911</u>
Depreciation					
At 1.1.2005	-	2,828,495	1,534,157	98,019	4,460,671
Provision for the year	-	733,185	356,482	10,969	1,100,637
Disposals	-	-	(86,004)	-	(86,004)
Depreciation at 31.12.2005		<u>3,561,680</u>	<u>1,804,635</u>	<u>108,988</u>	<u>5,475,304</u>
Net Book Value					
31.12.2005	<u>580,616</u>	<u>2,968,756</u>	<u>1,311,640</u>	<u>27,595</u>	<u>4,888,607</u>
31.12.2004	<u>580,616</u>	<u>3,541,262</u>	<u>1,366,154</u>	<u>35,564</u>	<u>5,523,596</u>

In the opinion of the directors the current market values are not materially different to the book values.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2005

10) Fixed Assets (continued)

The Fixed Assets include assets subject to hire purchase as follows: -

<u>Plant & Machinery</u>	<u>2005</u>	<u>2004</u>
Cost	1,954,400	1,838,800
Depreciation	<u>487,036</u>	<u>100,370</u>
Net Book Value	<u>1,467,364</u>	<u>1,738,430</u>
 <u>Motor Vehicles</u>		
Cost	774,669	1,027,899
Depreciation	<u>174,989</u>	<u>238,471</u>
Net Book Value	<u>599,680</u>	<u>789,428</u>
 <u>Office Furniture & Equipment</u>		
Cost	-	-
Depreciation	<u>-</u>	<u>-</u>
Net Book Value	<u>-</u>	<u>-</u>

11) Stocks and Work in Progress

Stocks of raw materials are charged out to contracts as required and taken into account in the valuation of work in progress.

Work in progress is calculated as: -

	<u>2005</u>	<u>2004</u>
	£	£
Value of work done	45,644,184	46,908,338
Less cash received	<u>39,666,422</u>	<u>40,473,548</u>
	5,977,762	6,434,790
Of which included in debtors	<u>3,259,618</u>	<u>2,812,738</u>
	£ <u>2,718,144</u>	£ <u>3,622,052</u>

12) Debtors

Amounts due within one year: -

Trade Debtors	3,259,618	2,812,738
Other Debtors	257,512	144,030
Due from Director	350,174	443,973
Due from Associate Companies	688,301	891,114
Section 419 Tax	87,544	110,993
Funding of Joint Venture	<u>622,384</u>	<u>104,026</u>
	£ <u>5,265,533</u>	£ <u>4,506,874</u>

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2005

13) <u>Creditors: Amounts falling due within one year</u>	<u>2005</u>	<u>2004</u>
Bank loans & overdrafts	479,949	790,636
Obligations under loan and Hire Purchase Contracts	1,000,173	1,247,047
Trade creditors	8,037,421	7,754,509
Corporation Tax	79,935	64,578
Social security and other taxes	1,797,018	1,332,486
Other creditors, accruals & deferred income	275,283	141,435
Due to Associate Companies & Joint ventures	-	717,363
	£ <u>11,669,779</u>	£ <u>12,048,054</u>
14) <u>Debtors due after one year</u>		
Due from parent company	£ <u>448,888</u>	£ -
15) <u>Creditor: Amounts falling due after more than one year</u>		
Hire Purchase	<u>991,151</u>	<u>858,072</u>
	£ <u>991,151</u>	£ <u>858,072</u>

The bank overdraft is secured by a standard bank debenture and legal charge on some of the companies' freehold premises.

	<u>2005</u>	<u>2004</u>
16) <u>Called up Share Capital</u>		
Authorised: -		
Ordinary Shares of £1 each	£ <u>700,000</u>	£ <u>700,000</u>
Issued and fully paid: -		
Ordinary Shares of £1 each	£ <u>562,709</u>	£ <u>562,709</u>

17) **Revaluation Reserve**

An independent valuation of one of the company's properties re-valued it at £200,000 above its original cost. No account has been taken of deferred taxation resulting from the increase in value because it is probable that no liability will crystallise in the near future.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2005

18) **Reconciliation of Operating Profit to Net Cash Inflow from Operations.**

	<u>2005</u> £	<u>2004</u> £
Operating profit per accounts	545,953	314,133
Add: depreciation	1,100,637	933,983
(Profit) Loss on sale of assets	<u>2,538</u>	<u>15,033</u>
	1,649,128	1,263,149
(Increase) decrease in working capital		
Stock and work in progress	903,908	(1,312,897)
Debtors	(1,207,548)	(532,081)
Creditors	<u>8,868</u>	<u>(598,092)</u>
	£ <u>1,430,357</u>	£ <u>(1,179,921)</u>

19) **Analysis at Changes in Cash and Cash Equivalents during the Year.**

Balance at start of year	163,661	2,490,422
Net cash inflow (outflow)	<u>481,046</u>	<u>(2,326,761)</u>
Balance at end of year	£ <u>644,707</u>	£ <u>163,661</u>

20) **Ultimate Holding Company**

The Ultimate Holding Company is Main Unit Limited.

21) **Transactions with Related Parties**

Throughout the year, Alun Griffiths (Contractors) Limited, United Joinery Limited, WBC Plant Hire Limited and Main Unit Limited were ultimately controlled by Mr A.Griffiths.

United Joinery Limited supplies materials to Alun Griffiths (Contractors) Limited and WBC Plant Hire supplies services to Alun Griffiths (Contractors) Limited in each case at arms length.

The total value of transactions during the year were: -

	<u>2005</u>	<u>2004</u>
United Joinery Limited	5,447	45,834
WBC Plant Hire Limited	1,380,000	1,460,000

Loan to Director

During the year Mr A Griffiths was in receipt of an unsecured free loan as follows: -

Liability at 1 January 2005	Maximum Liability	Liability at 31 December 2005
443,973	527,174	350,174

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2005

22) **Contingent Liability**

There was no known contingent liability.

23) **Capital Commitments**

Capital Expenditure	£ NIL	£ NIL
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24) **Other Commitments**

£ NIL	£NIL
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25) **Post Balance Sheet Events**

The company changed bankers in May 2006. The new bankers are Fortis Bank plc, of 23, Camolile Street, London. The new banking arrangements provide enhanced facilities based on long term resources. The facilities are secured on the assets of the company and its' parent company Mainunit Limited.