

Company number: 1493003

Alun Griffiths (Contractors) Limited
Directors' Report And Financial Statements
For the Year Ended 31 December 2006

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



Alun Griffiths (Contractors) Limited
Directors' Report & Financial Statements
Year Ended 31 December 2006

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Alun Griffiths (Contractors) Limited
Officers and Professional Advisors
Year Ended 31 December 2006

Directors

A Griffiths
T Clark

Secretary

W H Brown

Registered Office

19 - 23 Neville Street
Abergavenny
Monmouthshire

Solicitors

Gabb & Co
Monk Street
Abergavenny
Monmouthshire

Bankers

Fortis Bank
Aztec Centre
Aztec West
Almondsbury
Bristol

Auditors

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 2006

The directors present their report together with the financial statements for the year ended 31 December 2006

1 Principle Activity

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

2 Review of Business

The company continues to undertake construction and road improvement work for a wide portfolio of clients in Wales and adjacent counties

During the financial year, joint venture partnerships continued to be developed and further significant investment in plant and machinery was made

The directors have ensured that adequate finance has been put in place to ensure the continued development of the company. The bank loan information is detailed in note 15

The directors consider that the current level of profitability is consistent with industry norms and work in hand for the ensuing year is satisfactory

3 Trading Results

The results for the year are set out on page 6

The final Dividend for the year is £250,000 (£100,000 – 2005)

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 2006 is Main Unit Limited

7 Charitable Donations

The company contributed £2,000 to Charities

Alun Griffiths (Contractors) Limited
Report of the Directors (cont)
Year Ended 31 December 2006

8 Directors

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital, and in other group companies were as follows -

	Alun Griffiths Contractors Ltd		Mainunit Ltd – Parent Company	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
A Griffiths	1,000	1,000	1,000	1,000
T Clark	nil	nil	nil	nil

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.

Statement of Directors' responsibilities

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.

Alun Griffiths (Contractors) Limited
Report of the Directors (cont)
Year Ended 31 December 2006

Statement of Auditors' responsibilities

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

Confirmation of disclosure to auditors

The board hereby confirms that each person who is a director of the company at the date of approval of this report has -

- a) Taken all steps that they ought to have taken as directors in order to make themselves aware of relevant audit information
- b) Communicated all information to the auditors

Accordingly, so far as they are aware, there is no relevant audit information of which the company's auditors are not aware

This report was approved by the board on 28th September 2007

Signed on behalf of directors

Alun Griffiths

A Griffiths (Director)

Report of the Auditors
To the members of
Alun Griffiths (Contractors) Limited
Accounting Period Year Ended 31 December 2006

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 3 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

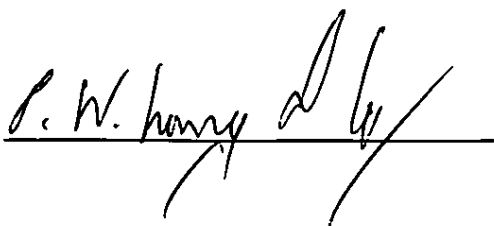
We conducted our audit in accordance with International Kingdom Auditing Standards (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant 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 2006 and of its profit for the year ended 31 December 2006, the financial statements have been properly prepared in accordance with the Companies Act 1985 and the information given in the directors report is consistent with the financial statements.

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



20th September 2007

Alun Griffiths (Contractors) Limited
Profit and Loss Account
For the Year Ended 31 December 2006

	<u>Notes</u>	<u>2006</u> £	<u>2005</u> £
Turnover	2	58,124,273	44,691,779
Cost of sales		<u>52,563,134</u>	<u>39,767,832</u>
Gross Profit		5,561,139	4,923,947
Administrative Expenses		<u>4,933,043</u>	<u>4,377,994</u>
Operating profit/(Loss)	3	628,096	545,953
Other Interest & Similar Income		<u>86,982</u>	<u>31,244</u>
		715,078	577,197
Interest payable & Similar Charges	6	<u>311,087</u>	<u>296,875</u>
Profit/(loss) on Ordinary activities before taxation		403,991	280,322
Tax on ordinary activities	8	<u>64,327</u>	<u>96,116</u>
Profit for the financial year		339,664	184,206
Dividends	7	250,000	100,000
Retained profit brought forward		<u>1,022,190</u>	<u>937,984</u>
Retained profit carried forward		£ <u>1,111,854</u>	£ <u>1,022,190</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 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	9	6,509,770	4,888,607
<u>Current Assets</u>			
Stock and Work in Progress	10	3,612,308	2,718,144
Debtors	11	6,246,888	5,265,533
Cash at Hand and in Bank		<u>3,471,183</u>	<u>1,124,656</u>
		13,330,379	9,108,333
<u>Creditors Due Within One Year</u>	12	<u>13,762,744</u>	<u>11,669,779</u>
<u>Net Current Assets(liabilities)</u>		<u>(432,365)</u>	<u>(2,561,446)</u>
<u>Total Assets less Current Liabilities</u>		6,077,405	2,327,161
<u>Debtors due after one year</u>	13	785,000	448,888
<u>Creditors Due falling after one year</u>	14	<u>(4,987,842)</u>	<u>(991,150)</u>
		£ <u>1,874,563</u>	£ <u>1,784,899</u>
<u>Capital and Reserves</u>			
Called up Share Capital	15	562,709	562,709
Revaluation Reserve	16	200,000	200,000
Profit and Loss Account	18	<u>1,111,854</u>	<u>1,022,190</u>
Equity shareholders funds	19	£ <u>1,874,563</u>	£ <u>1,784,899</u>

Signed on behalf of the Board of directors

Alun Griffiths A Griffiths

Approved by the board on 26th September 2007

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 2006

	<u>Notes</u>	<u>2006</u>		<u>2005</u>	
		£	£	£	£
<u>Net Cash Flow from Operating Activities</u>	17		1,377,960		1,430,357
<u>Returns on Investments & Servicing of Finance</u>					
Interest received		87,247		31,244	
Interest paid on finance leases & bank loans		(426,549)		(410,348)	
Net Proceeds from long term borrowing		3,533,333		-	
Dividends paid		(250,000)		-	
<u>Net Cash Flow from Returns on Investments & Servicing of Capital</u>			2,944,031		(379,104)
Tax paid			(96,114)		-
<u>Investing Activities</u>					
Payments to acquire tangible fixed assets		(2,697,722)		(483,161)	
Receipts from sale of tangible fixed assets		69,031		26,750	
Net cash inflow (outflow) from investing activities			<u>(2,628,691)</u>		<u>(456,411)</u>
<u>Net Cash Inflow (outflow) before Financing</u>			1,597,185		594,842
<u>Net Cash Inflow (outflow) from Financing</u>			<u>962,625</u>		<u>(113,796)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	20	£	<u>2,559,810</u>	£	<u>481,046</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 2006

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 The work in progress includes the retentions made by customers for a period of time after the contracts have been completed The company reviews the retentions on a regular basis and ensures these are paid when appropriate

f) Deferred Taxation

Provision is made for deferred taxation on the incremental liability method in respect of all timing differences between the incidence of income and expenditure for taxation and accounts purposes that have originated but not reversed at the balance sheet date Provision is made for deferred taxation on gains or losses on revalued assets only where a binding commitment to dispose of the assets exists at the year end in respect of which the gain or loss has been recognised

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2006

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. The assets of the scheme are held separately from those of the company in an independently administered fund. Any unpaid contributions are included in creditors.

2) **Turnover**

All the turnover is within the United Kingdom

3) **Operating Profit**

The Operating Profit is after charging	<u>2006</u> £	<u>2005</u> £
Depreciation of tangible fixed assets -		
- owned by the company	496,171	438,612
- held under finance leases	535,589	662,025
Auditor's remuneration	14,500	13,250

4) **Staff Costs**

Staff costs, including directors' remuneration were as follows -

Wages and Salaries	13,705,130	11,121,176
Social Security Costs	1,590,774	1,126,815
Other Pension Costs - (Defined contribution schemes)	<u>191,245</u>	<u>111,243</u>
	£ <u>15,487,149</u>	£ <u>12,359,234</u>

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

Management	41	46
Administration	17	18
Production	<u>480</u>	<u>400</u>
	<u>538</u>	<u>464</u>

5) **Directors' Remuneration**

For services as directors		
Other Emoluments	£ <u>784,504</u>	£ <u>785,055</u>

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

Chairman	784,504	757,059
Other Director	-	27,996

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2006

6) <u>Interest Payable</u>	<u>2006</u>	<u>2005</u>
On bank loans, overdrafts and other loans - Repayable within 5 years, not by instalments	£ <u>311,086</u>	£ <u>290,009</u>
On finance leases and hire purchase contracts	£ <u>117,311</u>	£ <u>113,474</u>
7) <u>Dividends</u>		
Interim dividend	£ Nil	£ Nil
Final dividend	£ <u>250,000</u>	£ <u>100,000</u>
8) <u>Taxation</u>		
Current year taxation - Corporation tax @ 30% (2005 - 30%)	16,327	96,116
Prior years' taxation	<u>58,000</u>	-
Charge in profit and loss account	£ <u>64,327</u>	£ <u>96,116</u>
Profit on ordinary activities before taxation	<u>403,991</u>	<u>280,322</u>
Taxation on ordinary activities at applicable tax rate (30%)	121,197	84,097
Capital allowances in excess of depreciation	(104,870)	
Depreciation in excess of capital allowances	<u>16,327</u>	<u>12,019</u>
		<u>96,116</u>

9) 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 2006	580,616	6,530,437	3,116,275	136,583	10,363,911
Additions	-	2,195,377	495,896	6,450	2,697,722
(Disposals)	-	(159,526)	(105,810)	-	(265,336)
Cost & valuation at 31 12 2006	<u>580,616</u>	<u>8,566,390</u>	<u>3,506,361</u>	<u>143,033</u>	<u>12,796,400</u>
Depreciation					
At 1 1 2006	-	3,561,680	1,804,635	108,988	5,475,304
Provision for the year	-	647,860	375,071	8,830	1,031,760
Disposals	-	(133,039)	(87,343)	-	(220,436)
Depreciation at 31 12 2006		<u>4,076,449</u>	<u>2,092,363</u>	<u>117,818</u>	<u>6,286,630</u>
Net Book Value					
31 12 2006	<u>580,616</u>	<u>4,489,941</u>	<u>1,413,999</u>	<u>25,215</u>	<u>6,509,770</u>
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>

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 2006

	<u>2006</u>	<u>2005</u>
9) <u>Fixed Assets (continued)</u>		
The Fixed Assets include assets subject to hire purchase as follows -		
<u>Plant & Machinery</u>	<u>2006</u>	<u>2005</u>
Cost	3,180,650	1,954,400
Depreciation	<u>416,504</u>	<u>487,036</u>
Net Book Value	<u>2,764,146</u>	<u>1,467,364</u>
<u>Motor Vehicles</u>		
Cost	641,190	774,669
Depreciation	<u>101,830</u>	<u>174,989</u>
Net Book Value	<u>539,360</u>	<u>599,680</u>
10) <u>Stocks and Work in Progress</u>		
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>2006</u>	<u>2005</u>
	£	£
Value of work done	58,508,270	45,644,184
Less cash received	<u>50,125,310</u>	<u>39,666,422</u>
	8,382,960	5,977,762
Of which included in debtors	<u>4,770,652</u>	<u>3,259,618</u>
	£ <u>3,612,308</u>	£ <u>2,718,144</u>
11) <u>Debtors</u>		
Amounts due within one year -		
Trade Debtors	4,770,652	3,259,618
Other Debtors	321,801	257,512
Due from Director	292,832	350,174
Due from Associate Companies	780,130	688,301
Section 419 Tax	81,473	87,544
Funding of Joint Venture	-	622,384
	£ <u>6,246,888</u>	£ <u>5,265,533</u>
12) <u>Creditors: Amounts falling due within one year</u>	<u>2006</u>	<u>2005</u>
Bank loans & overdrafts	266,667	479,949
Obligations under loan and Hire Purchase Contracts	1,566,107	1,000,173
Trade creditors	10,095,871	8,037,421
Corporation Tax	42,075	79,935
Social security and other taxes	1,233,941	1,797,018
Other creditors, accruals & deferred income	132,125	275,283
Due to Associate Companies & Joint ventures	<u>425,958</u>	-
	£ <u>13,762,744</u>	£ <u>11,669,779</u>

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2006

13) **Debtors due after one year**

Due from parent company	£ <u>785,000</u>	£ <u>448,888</u>
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14) **Creditor: Amounts falling due after more than one year**

Bank Loan	3,600,000	-
Hire Purchase	<u>1,387,842</u>	<u>991,150</u>
	£ <u>4,987,842</u>	£ <u>991,150</u>

Repayable as follows -

Within 2 – 5 years	2,454,508	991,150
Over 5 years	2,533,334	-

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

	<u>2006</u>	<u>2005</u>
15) <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>

16) **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.

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

	<u>2006</u> £	<u>2005</u> £
Operating profit per accounts	628,096	545,953
Depreciation charges	1,031,760	1,100,637
(Profit) Loss on sale of assets	<u>(19,528)</u>	<u>2,538</u>
	1,640,328	1,649,128
(Increase) decrease in working capital		
Stock and work in progress	(894,164)	903,908
Debtors	(1,317,466)	(1,207,548)
Creditors	<u>1,949,262</u>	<u>8,868</u>
Net cash flow from continuing operations	£ <u>1,377,960</u>	£ <u>1,430,357</u>

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2006

	<u>2006</u> £	<u>2005</u> £
18) <u>Profit and loss Reserves</u>		
Balance as at 1 January 2006	1,022,190	
Profit for the financial year	339,664	
Dividends paid	<u>(250,000)</u>	
	<u>1,111,854</u>	
19) <u>Reconciliation of movement in shareholders funds</u>		
Profit for the financial year	339,664	184,206
Dividends paid	<u>(250,000)</u>	<u>(100,000)</u>
Shareholders funds as at 1 January 2006	<u>1,784,899</u>	<u>1,700,693</u>
Shareholders funds as at 31 December 2006	<u>1,874,563</u>	<u>1,784,899</u>
20) <u>Analysis at Changes in Cash and Cash Equivalents during the Year</u>		
Balance at start of year	644,706	163,661
Net cash inflow (outflow)	<u>2,559,810</u>	<u>481,045</u>
Balance at end of year	<u>3,204,516</u>	<u>644,706</u>

21) Ultimate Holding Company

The Ultimate Holding Company is Main Unit Limited

22) 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>2006</u>	<u>2005</u>
United Joinery Limited	22,561	5,447
WBC Plant Hire Limited	1,570,000	1,380,000

During the year the company provided the parent company an interest free loan of £446,135, which is included within the debtor balances. There is no fixed date of repayment for the loan. The directors are confident that the debt is recoverable and no provision is required

23) Loan to Director

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

Liability at 1 January 2006	Maximum Liability	Liability at 31 December 2006
350,174	350,174	292,832

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2006

	<u>2006</u>	<u>2005</u>
24) <u>Contingent Liability</u>		
There was no known contingent liability		
25) <u>Capital Commitments</u>		
Capital Expenditure	£ NIL	£ NIL
26) <u>Other Commitments</u>	£ NIL	£NIL

27) Post Balance Sheet Events

In June 2007, the company have loaned an additional £1,000,000 to Mainunit Ltd – (the parent company) for the purchase of additional freehold premises, on behalf of an Associate Company