

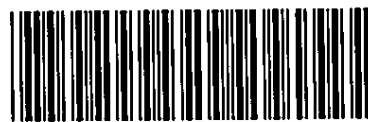
Registration number 05265566

Dawnus Holdings Limited

**Directors' report and financial statements
for the year ended 31 December 2006**

**Hammond & Davies
Chartered Certified Accountants
Registered Auditors**

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Dawnus Holdings Limited

Company information

Directors	B Dalling R T Evans R G Jones A G Peters R D H Williams R Hughes R W Jones
Secretary	A G Peters
Company number	05265566
Registered office	Unit 7, Dyffryn Court Riverside Business Park Swansea Vale Swansea SA7 0AP
Auditors	Hammond & Davies Chartered Certified Accountants Registered Auditors 16-18 Pontardulais Road Gorseinon Swansea SA4 4FE
Business address	Unit 7, Dyffryn Court Riverside Business Park Swansea Vale Swansea SA7 0AP
Bankers	Barclays Bank Plc [to May 2007] Hall Street Carmarthen Lloyds TSB Bank Plc [from June 2007] Black Horse House Phoenix Way Swansea Enterprise Park Swansea

Dawnus Holdings Limited

for the year ended 31 December 2006

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Dawnus Holdings Limited

Directors' report for the year ended 31 December 2006

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

Principal activity and review of the business

The principal activity of the company is that of a holding company. The principal activity of the subsidiary companies is that of civil engineering operations. At 31st December 2006, it had nine 75% subsidiary companies: Dawnus Construction Limited, Dawnus Limited, Dawnus Developments Limited, Dawnus Plant Limited, Churchfield Homes Limited, Dawnus Northern Limited, Timberex Limited, G & G Construction Services Limited and Mechanical & Electrical Building Services Limited. The last three companies were dormant throughout 2006 and were dissolved early in 2007.

The group's activities have continued to expand, with another substantial increase in turnover achieved during the year. Both the professional and direct labour forces continue to increase.

Turnover in the group on construction operations grew by over 35% in the year, with an improvement in the ratio of gross profit to turnover from 20.3% to 22.5%. Debtor and creditor settlement times were both significantly reduced with the implementation of better financial controls. The size of the direct workforce increased by some 25%.

Quality, Health & Safety & Environmental issues have continued to be a top priority during 2006. The Injury Frequency Rate (IFR) fell for the second consecutive year from 3.3 in 2005 to 2.2 in 2006 (calculation methodology from HSE guidance HSG65). This improvement is due to the hard work and commitment of the whole team. We continue to focus on HSE, and work towards zero incidents through continual improvement. The company management systems were the subject of two external audits during 2006 in relation to accreditations to 18001 for health & safety management, 14001 for environmental management, and 9001 for quality management, with only minor observations raised, and with continued accreditation awarded.

Results and dividends

The consolidated results of the group for the year are set out on page 9.

The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

Along with all businesses, Dawnus has to deal with, identify and manage a number of risks and uncertainties in its operations. Overall demand is dependent upon general economic conditions, perceived confidence in the future, and financial interest rates, all of which are outside the company's control. We aim to spread the impact of these general risks by constantly assessing the geographical and other markets in which we operate, by our commitment to a quality labour force through training and personal development, and by striving to control quality and minimise costs. The company carefully manages its working capital requirements, and continues to develop business systems and introduce new technology where appropriate to improve its procurement procedures and overall financial management. We have recently reviewed and revised our purchase control procedures, and have implemented a comprehensive reporting mechanism further to improve divisional responsibilities and control within the group.

Dawnus Holdings Limited

Directors' report for the year ended 31 December 2006

continued

Post balance sheet events

On 1 June 2007, Dawnus Limited [a subsidiary company] purchased, on a long leasehold, the office premises and adjoining land for approximately £1.2 million, plus VAT, with an additional cost of approximately £100,000 for internal fittings. On the same date, the group's banking facility transferred to Lloyds TSB, from which date a 15 year mortgage for £847,500 was granted to Dawnus Limited and secured by a first legal charge against the property. The bank also holds an omnibus cross guarantee and set off agreement with the company, its directors, Dawnus Construction Limited, Dawnus Limited, Dawnus Plant Limited and Churchfield Homes Limited.

Future developments

During 2007 and future years, the group is well positioned to maintain high real growth rates, with contracts being secured in new geographical areas within the UK. The thrust of future business development will be focused on securing larger contracts with existing and new clients. We will seek to maintain and expand an experienced workforce to control quality and minimise costs, whilst reducing our reliance on subcontractors. Secured turnover at the end of the year was at a record level, which, together with a strong pipeline of potential contracts, should ensure continued substantial growth in 2007. The group's long-term strategy is to maintain a real growth rate in excess of 20% of sales and to generate an operating profit on construction activities of at least 4%.

Employment policy

It is our policy to be an engineering-led business, employing management and key trades on a regional basis rather than relying on subcontractors. This allows Dawnus to control directly the quality of work undertaken and to train and develop its workforce, to ensure that we meet clients' needs and expectations and increasingly differentiate us from our competitors. The group has introduced an engineering training scheme to help it grow in the long term. We are committed to communicating with and involving employees in matters affecting their work, and to informing them of the performance of the business. We have set out a Statement of Values, wherein we are committed to develop individual potential, to recognise individual contribution and reward performance, and to ensure that all applicants & employees receive equal opportunities regardless of origin, gender or disability. I would like to thank all Dawnus employees for their loyalty, hard work and dedication, which have contributed so much to the continued successful growth of the group.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below

	Class of share	31/12/06	01/01/06
B Dalling	Ordinary shares	10	10
R T Evans	Ordinary shares	10	10
R G Jones	Ordinary shares	10	10
A G Peters	Ordinary shares	10	10
R D H Williams	Ordinary shares	10	10
R Hughes (from Jan 2006)	Ordinary shares	-	-
R W Jones (from June 2006)	Ordinary shares	-	-

Dawnus Holdings Limited

Directors' report for the year ended 31 December 2006

continued

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and the group and of the profit or loss of the group for that year. In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 company will continue in business

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

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hammond & Davies be reappointed as auditors of the company will be put to the Annual General Meeting

Dawnus Holdings Limited

**Directors' report
for the year ended 31 December 2006**

continued

This report was approved by the Board on 31 August 2007 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R.W. Jones', is written over the printed name.

R.W.Jones

Director

31 August 2007

Dawnus Holdings Limited

Independent auditors' report to the shareholders of Dawnus Holdings Limited

We have audited the group and parent financial statements ("the financial statements") of Dawnus Holdings Limited for the year ended 31 December 2006 which comprise the consolidated and company profit and loss accounts, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 directors in the preparation of the financial statements, 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 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.

Dawnus Holdings Limited

Independent auditors' report to the shareholders of Dawnus Holdings Limited continued

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 company's affairs and those of the group as at 31 December 2006 and of the profit and cash flows of the company and of the group for the year then ended,

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 for the year ended 31 December 2006



Hammond & Davies
Chartered Certified Accountants and
Registered Auditors
31 August 2007

16-18 Pontardulais Road
Gorsemon
Swansea SA4 4FE

Dawnus Holdings Limited

**Company Profit and loss account
for the year ended 31 December 2006**

Continuing operations

		2006	2005
	Notes	£	£
Turnover	2	-	-
Administrative expenses		(1,850)	-
Operating loss	3	(1,850)	-
Other interest receivable and similar income	4	-	260,000
Profit on ordinary activities before taxation		(1,850)	260,000
Tax on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation		(1,850)	260,000
Retained (loss)/profit for the year	19	(1,850)	260,000
Retained profit brought forward		-	-
Dividends paid		-	(260,000)
Retained loss carried forward		(1,850)	-

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 12 to 28 form an integral part of these financial statements.

Dawnus Holdings Limited

**Company balance sheet
as at 31 December 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Investments	10		209		125
Current assets					
Debtors	12	63,271		65,121	
		<u>63,271</u>		<u>65,121</u>	
Creditors' amounts falling due within one year	13	<u>(65,209)</u>		<u>(65,125)</u>	
Net current assets			<u>(1,938)</u>		<u>(4)</u>
Total assets less current liabilities			<u>(1,729)</u>		<u>121</u>
Net assets			<u><u>(1,729)</u></u>		<u><u>121</u></u>
Capital and reserves					
Called up share capital	18		121		121
Profit and loss account	19		<u>(1,850)</u>		<u>-</u>
Equity shareholders' funds			<u><u>(1,729)</u></u>		<u><u>121</u></u>

The financial statements were approved by the Board on 31 August 2007 and signed on its behalf by



R.W. Jones
Director
31 August 2007

The notes on pages 12 to 28 form an integral part of these financial statements.

Dawnus Holdings Limited

Consolidated Profit and loss account for the year ended 31 December 2006

		Continuing operations	
		2006	2005
	Notes	£	£
Turnover	2	41,629,638	30,588,163
Cost of sales		(32,248,507)	(24,365,680)
Gross profit		9,381,131	6,222,483
Administrative expenses		(8,351,220)	(5,208,114)
Exceptional administrative expenses		-	(54,800)
Other operating income		110,022	68,097
Operating profit	3	1,139,933	1,027,666
Other interest receivable and similar income	4	7,862	8,980
Interest payable and similar charges	5	(210,667)	(170,848)
Profit on ordinary activities before taxation		937,128	865,798
Tax on profit on ordinary activities	8	(301,503)	(273,196)
Profit on ordinary activities after taxation		635,625	592,602
Minority interests		-	-
Retained profit for the year	19	635,625	592,602
Retained profit brought forward		980,405	647,803
Reserve Movements		-	(260,000)
Retained profit carried forward		1,616,030	980,405

There are no recognised gains or losses for the company other than the profit or loss for the above two financial years

The notes on pages 12 to 28 form an integral part of these financial statements.

Dawnus Holdings Limited

**Consolidated balance sheet
as at 31 December 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		3,645,849		1,744,257
Current assets					
Stocks	11	1,419,998		1,513,798	
Debtors	12	8,890,676		7,556,831	
Cash at bank and in hand		219,694		579,748	
		10,530,368		9,650,377	
Creditors: amounts falling due within one year	13	(9,918,931)		(8,365,971)	
Net current assets			611,437		1,284,406
Total assets less current liabilities			4,257,286		3,028,663
Creditors: amounts falling due after more than one year	14		(2,405,404)		(1,854,337)
Provisions for liabilities	15		(198,908)		(107,915)
Accruals and deferred income	17		(36,808)		(85,885)
Net assets			1,616,166		980,526
Capital and reserves					
Called up share capital	18		121		121
Profit and loss account	19		1,616,030		980,405
Equity shareholders' funds	20		1,616,151		980,526
Minority interests			15		-
			1,616,166		980,526

The financial statements were approved by the Board on 31 August 2007 and signed on its behalf by



R.W. Jones
Director
31 August 2007

The notes on pages 12 to 28 form an integral part of these financial statements

Dawnus Holdings Limited

**Consolidated cash flow statement
for the year ended 31 December 2006**

	Notes	2006 £	2005 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,139,933	1,027,666
Depreciation		549,441	288,488
Decrease /(Increase) in stocks		93,800	(227,264)
(Increase) in debtors		(1,333,845)	(3,872,331)
Increase in creditors		797,995	3,563,223
Government grant released		(49,077)	(49,077)
Net cash inflow from operating activities		<u>1,198,247</u>	<u>730,705</u>
Cash flow statement			
Net cash inflow from operating activities		1,198,247	730,705
Returns on investments and servicing of finance	24	(202,805)	(161,868)
Taxation	24	(205,690)	(146,184)
Capital expenditure	24	(2,451,033)	(630,052)
Acquisitions and disposals	24	-	54,800
		(1,661,281)	(152,599)
Equity dividends paid		-	(260,000)
		(1,661,281)	(412,599)
Financing	24	1,302,935	447,624
Decrease /Increase in cash in the year		<u>(358,346)</u>	<u>35,025</u>
Reconciliation of net cash flow to movement in net debt (Note 25)			
Decrease /Increase in cash in the year		(358,346)	35,025
Cash outflow from increase in debts and lease financing		(170,517)	(447,563)
Change in net debt resulting from cash flows		(528,863)	(412,538)
New finance leases and hire purchase contracts		(1,445,231)	(396,078)
Movement in net debt in the year		(1,974,094)	(808,616)
Net debt at 1 January 2006		(2,168,180)	(1,359,564)
Net debt at 31 December 2006		<u>(4,142,274)</u>	<u>(2,168,180)</u>

Dawnus Holdings Limited

Notes to the financial statements for the year ended 31 December 2006

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement for the parent company because it is a small company A consolidated cashflow statement is included for The company has consistently applied all relevant accounting standards

1.2. Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006 Intra-group transactions and balances are eliminated fully on consolidation

The following subsidiary companies, all registered in the UK and involved in the group's principal activity, are included in the consolidated financial statements

Dawnus Construction Limited	Ordinary shares	100% holding
Dawnus Limited	Ordinary shares	100% owned by Dawnus Construction Limited
Dawnus Developments Limited	Ordinary shares	100% owned by Dawnus Construction Limited
Dawnus Plant Limited	Ordinary shares	100% owned by Dawnus Construction Limited
G & G Construction Services Limited *	Ordinary shares	100% owned by Dawnus Construction Limited
Churchfield Homes Limited	Ordinary shares	100% holding
Mechanical & Electrical Building Services Limited *	Ordinary shares	100% holding
Timberex Limited *	Ordinary shares	100% holding
Dawnus Northern Limited	Ordinary shares	85% holding

** non-trading companies dissolved in 2007*

1.3. Turnover

Turnover represents the value of invoiced work, after the deduction of trade discounts and value added tax, adjusted for changes in the amounts recoverable on long term contracts

Dawnus Holdings Limited

Notes to the financial statements for the year ended 31 December 2006

continued

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Plant and machinery	-	15-20% Straight Line
Fixtures, fittings and equipment	-	25-33% Straight Line
Motor vehicles	-	24-25% Straight Line

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and 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 constant periodic rates of charge on the net obligations outstanding in each period.

1.6. Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads according to the stage of completion.

1.7. Long term contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

1.8. Pensions

The pension costs charged in the financial statements represent the contributions payable during the year.

Dawnus Holdings Limited

Notes to the financial statements for the year ended 31 December 2006

continued

1.9. 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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

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

1.10. Government grants

Grants are credited to deferred revenue and are released to the profit and loss account over the project life for which the grant was agreed

2. Turnover

The total turnover of the group and the company have been derived from the principal activity wholly undertaken in the UK

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

3 Operating profit	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Operating profit is stated after charging				
Depreciation and other amounts written off tangible assets	551,529	287,660	-	-
Loss on disposal of tangible fixed assets	-	828	-	-
Auditors' remuneration - group/parent company	1,750	-	1,750	-
Auditors' remuneration - subsidiary companies	23,620	12,860	-	-
- taxation services	4,460	730	-	-
- other services	17,372	10,440	-	-
Exceptional items				
- Investment written off	-	54,800	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and after crediting				
Profit on disposal of tangible fixed assets	2,088	-	-	-
Government grants	80,890	62,385	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 Interest receivable and similar income	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank interest	5,615	5,765	-	-
Other interest	2,247	3,215	-	-
Dividend from group company	-	-	-	260,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	7,862	8,980	-	260,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5 Interest payable and similar charges	Group 2006 £	Group 2005 £
On loans and overdrafts	74,285	88,204
Hire purchase interest	128,305	81,884
On overdue tax	8,077	760
	<u> </u>	<u> </u>
	210,667	170,848
	<u> </u>	<u> </u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

6. Employees

	Group 2006	Group 2005
Number of employees		
The average monthly numbers of employees during the year were		

280	222
<u>280</u>	<u>222</u>

Employment costs

	2006 £	2005 £
Wages and salaries	9,678,786	6,324,131
Social security costs	890,100	618,019
Pension costs	232,537	151,273
	<u>10,801,423</u>	<u>7,093,423</u>

6 1. Directors' emoluments

	Group 2006 £	Group 2005 £
Remuneration and other emoluments	863,054	528,232
Pension contributions	61,162	31,525
	<u>924,216</u>	<u>559,757</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>7</u>	<u>5</u>

	£	£
Highest paid director		
Amounts included above		
Emoluments and other benefits	132,208	113,250
Pension contributions	8,975	6,750
	<u>141,183</u>	<u>120,000</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

7. Pension costs

The defined contribution scheme and its assets are held by independent managers. The pension charge represents contributions due from group companies and amounted to £232,537 (2005 - £151,273)

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

8. Tax on profit on ordinary activities

Analysis of charge in period	Group 2006 £	Group 2005 £
Current tax		
UK corporation tax	164,390	209,816
Adjustments in respect of previous periods	19,062	-
	<u>183,452</u>	<u>209,816</u>
Total current tax charge	<u>183,452</u>	<u>209,816</u>
Deferred tax		
Timing differences, origination and reversal	118,051	63,380
Total deferred tax	<u>118,051</u>	<u>63,380</u>
Tax on profit on ordinary activities	<u>301,503</u>	<u>273,196</u>
Factors affecting tax charge for period		

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>937,128</u>	<u>865,798</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	281,138	259,739
Effects of:		
Expenses not deductible for tax purposes	22,788	21,688
Income not taxable	(14,723)	(14,798)
Depreciation in excess of capital allowances	(124,813)	(52,819)
Utilisation of tax losses	-	(944)
Adjustments to tax charge in respect of previous periods	19,062	-
Marginal relief	-	(3,050)
Current tax charge for period	<u>183,452</u>	<u>209,816</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

9. Tangible fixed assets	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
Group	£	£	£	£
Cost				
At 1 January 2005	1,812,651	177,817	234,314	2,224,782
Additions	2,125,087	150,500	203,171	2,478,758
Disposals	(18,914)	(2,310)	(12,966)	(34,190)
At 31 December 2006	<u>3,918,824</u>	<u>326,007</u>	<u>424,519</u>	<u>4,669,350</u>
Depreciation				
At 1 January 2005	300,060	119,939	60,526	480,525
On disposals	(1,551)	-	(7,002)	(8,553)
Charge for the year	<u>421,715</u>	<u>55,667</u>	<u>74,147</u>	<u>551,529</u>
At 31 December 2006	<u>720,224</u>	<u>175,606</u>	<u>127,671</u>	<u>1,023,501</u>
Net book values				
At 31 December 2006	<u>3,198,600</u>	<u>150,401</u>	<u>296,848</u>	<u>3,645,849</u>
At 1 January 2005	<u>1,512,591</u>	<u>57,878</u>	<u>173,788</u>	<u>1,744,257</u>

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	2006		2005	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	3,041,541	407,866	1,470,907	207,318
Motor vehicles	264,122	64,094	161,268	37,069
	<u>3,305,663</u>	<u>471,960</u>	<u>1,632,175</u>	<u>244,387</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

10.	Fixed asset investments	Subsidiary undertakings shares £ Company			
	Cost				
	At 1 January 2006		125		
	Additions		84		
	At 31 December 2006		<u>209</u>		
11.	Stocks	31/12/06	31/12/05		
	Group	£	£		
	Work in progress	<u>1,419,998</u>	<u>1,513,798</u>		
12.	Debtors	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
	Trade debtors	1,680,672	2,076,209	-	-
	Amounts recoverable on long term contracts	6,623,423	4,742,016	-	-
	Other debtors - ultimate parent undertaking	100,000	100,000	-	-
	Amount owed by connected companies	-	-	63,150	65,000
	Other debtors	464,833	577,549	-	-
	Called up share capital not paid	136	121	121	121
	Prepayments and accrued income	21,612	60,936	-	-
		<u>8,890,676</u>	<u>7,556,831</u>	<u>63,271</u>	<u>65,121</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

Amounts falling due after more than one year and included in debtors are

	31/12/06	31/12/05
	Group	Group
	2006	2005
	£	£
Other debtors - ultimate parent undertaking	100,000	100,000
Deferred tax (Note 16)	-	27,058
	<u>100,000</u>	<u>127,058</u>

13. Creditors: amounts falling due within one year	2006 £ Group	2005 £ Group	2006 £ Company	2005 £ Company
Bank overdraft	-	1,708	-	-
Loans	700,660	574,000	-	-
Contract payments received on account	108,639	368,415	-	-
Net obligations under finance leases and hire purchase contracts (secured)	1,255,904	630,696	-	-
Trade creditors	2,147,420	2,537,904	-	-
Amounts owed to connected companies	-	-	85	-
Corporation tax	182,267	209,816	-	-
Other taxes and social security costs	828,623	907,917	-	-
Directors' accounts	341	341	-	-
Other creditors	712,566	279,095	65,124	65,125
Accruals and deferred income	3,947,068	2,831,713	-	-
Pension contributions	35,443	24,366	-	-
	<u>9,918,931</u>	<u>8,365,971</u>	<u>65,209</u>	<u>65,125</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

14. Creditors: amounts falling due after more than one year	2006 £ Group	2005 £ Group
Bank loan (secured)	954,720	910,863
Loans	250,000	349,797
Net obligations under finance leases and hire purchase contracts (secured)	1,200,684	593,677
	<u>2,405,404</u>	<u>1,854,337</u>

15. Provisions for liabilities

Group

	Total £
At 1 January 2005	107,915
Movements in the year	90,993
At 31 December 2006	<u>198,908</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

16. Provision for deferred taxation	2006	2005
Group		
	£	£
Accelerated capital allowances	224,673	106,500
Deferred income	(25,765)	(25,643)
	<u>198,908</u>	<u>80,857</u>
Deferred tax asset, in Debtors	-	27,058
Undiscounted provision for deferred tax	<u>198,908</u>	<u>107,915</u>
Provision at 1 January 2006	107,915	
Deferred tax charge in profit and loss account	118,051	
Movement in deferred tax asset, in Debtors	<u>(27,058)</u>	
	<u>90,993</u>	
Provision at 31 December 2006	<u>198,908</u>	
17. Accruals and deferred income	2006	2005
Group		
	£	£
Government grants		
At 1 January 2006	85,885	184,039
Released in year	(49,077)	(98,154)
At 31 December 2006	<u>36,808</u>	<u>85,885</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

18. Share capital	2006 £	2005 £
Authorised equity		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted		
121 Ordinary shares of £1 each	<u>121</u>	<u>121</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

19. Equity Reserves	Profit and loss account Group		Profit and loss account Company	
	£	Total Group	£	Total Company
At 1 January 2006	980,405	980,405	-	-
Retained profit for the year	635,625	635,625	(1,850)	(1,850)
At 31 December 2006	<u>1,616,030</u>	<u>1,616,030</u>	<u>(1,850)</u>	<u>(1,850)</u>

Dawnus Holdings Limited

Notes to the financial statements for the year ended 31 December 2006

continued

20. Reconciliation of movements in shareholders' funds	2006	2005
Group		
	£	£
Profit for the year	635,625	592,602
Dividends	-	(260,000)
	<u>635,625</u>	<u>332,602</u>
Opening shareholders' funds	980,526	647,924
Closing shareholders' funds	<u>1,616,151</u>	<u>980,526</u>

21. Related party transactions

There is no disclosure in these financial statements of transactions between entities that are part of the group headed by Dawnus Holdings Limited, in accordance with Financial Reporting Standard 8

The group's ultimate parent undertaking was indebted to the group in the sum of £100,000 in respect of an interest-free loan at the balance sheet date

22. Ultimate parent undertaking

The company is controlled by The Airborne Corporation [registered in the Bahamas]

23. Post balance sheet events

On 1 June 2007, Dawnus Limited [a subsidiary company] purchased, on a long leasehold, the office premises and adjoining land for approximately £1 2 million, plus VAT, with an additional cost of approximately £100,000 for internal fittings. On the same date, the group's banking facility transferred to Lloyds TSB, from which date a 15 year mortgage for £847,500 was granted to Dawnus Limited and secured by a first legal charge against the property. The bank also holds an omnibus cross guarantee and set off agreement with the company, its directors, Dawnus Construction Limited, Dawnus Limited, Dawnus Plant Limited and Churchfield Homes Limited.

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

24. Gross cash flows

	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	7,862	8,980
Interest paid	(210,667)	(170,848)
	<u>(202,805)</u>	<u>(161,868)</u>
Taxation		
Corporation tax paid	(205,690)	(146,184)
Capital expenditure		
Payments to acquire tangible assets	(2,478,758)	(630,052)
Receipts from sales of tangible assets	27,725	-
	<u>(2,451,033)</u>	<u>(630,052)</u>
Acquisitions and disposals		
Disposal of group interests	-	54,800
Financing		
Issue of ordinary share capital	-	61
New long term bank loan	43,857	-
Other new long term loans	-	7,563
Other new short term loans	126,660	440,000
Repayment of long term bank loan	(99,797)	-
Capital element of finance leases and hire purchase contracts	1,232,215	-
	<u>1,302,935</u>	<u>447,624</u>

Dawnus Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

25. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	579,748	(360,054)		219,694
Overdrafts	(1,708)	1,708		-
	<u>578,040</u>	<u>(358,346)</u>		<u>219,694</u>
Liquid resources	-	-		-
Debt due within one year	(574,000)	(126,660)	-	(700,660)
Debt due after one year	(1,260,660)	(43,857)	99,797	(1,204,720)
Finance leases and hire purchase contracts	(911,560)	-	(1,545,028)	(2,456,588)
	<u>(2,746,220)</u>	<u>(170,517)</u>	<u>(1,445,231)</u>	<u>(4,361,968)</u>
Net funds	<u>(2,168,180)</u>	<u>(528,863)</u>	<u>(1,445,231)</u>	<u>(4,142,274)</u>