

COMPANY REGISTRATION NUMBER 05660708

Diamond Build (Holdings) plc
Financial Statements
31 December 2006

MACINTYRE HUDSON LLP

Chartered Accountants & Registered Auditors
Euro House
1394 High Road
Whetstone
London
N20 9YZ



Diamond Build (Holdings) plc

Financial Statements

Period ended 31 December 2006

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Diamond Build (Holdings) plc

Officers and Professional Advisers

The Board of Directors

J A Gray M C I O B
S R Lakhani F C C A

Company Secretary

S R Lakhani F C C A

Registered Office

52 - 68 Stamford Road
Tottenham
London
N15 4PZ

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Registered Auditors
Euro House
1394 High Road
Whetstone
London
N20 9YZ

Bankers

Barclays Bank Plc
PO Box 110
20 The Town
Enfield
Middlesex
EN2 6LY

Solicitors

Curwens Solicitors
College Road
Cheshunt
Hertfordshire
EN8 9BL

Diamond Build (Holdings) plc

The Directors' Report

Period ended 31 December 2006

The directors have pleasure in presenting their report and the financial statements of the group for the period ended 31 December 2006

Principal activities

The company was incorporated as a public limited company on 21 December 2005

On 1 January 2006, the company acquired the share capital of Diamond Build Plc, Diamond Maintenance Limited, Diamond Special Works Limited and P J Diamond (Building Contractors) Limited for £50,003 in total. Diamond Build Plc has 50,000 shares of £1 and the other three companies each have 1 share of £1.

The principal activity of the company during the period was that of a holding company.

The principal activity of the group during the period was that of major building works, estate renewals, alteration, improvement and extension works to existing buildings, property rehabilitation, aids and adaptations to buildings for the disabled and day to day maintenance.

Business review

Diamond Build (Holdings Limited) is a holding company and does not trade. The following notes relate to the company's trading subsidiary Diamond Build plc.

The Company considerably improved its financial position during 2006 with a much better performance in relation to its turnover and gross profit figures.

During the year the Company acquired the International Standards for Quality Management (ISO 9001 2000), Health & Safety (OHSAS18001), The Environment (ISO14001 2004) and is still working towards acquiring the International Standard for Information Communication Technology (ISO27001 2005). Much work also went into implementing new people practices to meet the enhanced standards for Investors in People which we achieved originally in 2002.

We were deeply saddened when, in March 2006, two senior people, Michael Brain our Pre-Contract Services Director and Geoff Wellard our Southern Regional Manager passed away suddenly. This left a significant gap in the management structure of the organisation. We therefore brought in external management consultants to review our structure and to advise on changes that need to be made to enable us to move forward as a much stronger, better structured organisation.

Considerable costs continued to be incurred on applications, pre-qualifications, submissions, pricing documentation and interviews for long term partnering and four year framework agreements for all of our public sector clients.

The above factors contributed to the high level of overheads during this year and will continue to run through 2007, by the end of which our restructuring exercise will be completed. We have carried out an in depth analysis of the cost incurred and established that we had spent £1.6 million on the above items during 2004, 2005 & 2006. This is a tremendous investment and we are now a much stronger organisation as a result of these improvements.

We know of no other organisation of our size, within our field of expertise, that has achieved these accreditations. They will enable us to move forward and to control our increasing workload in an efficient manner.

Some of the partnering agreements are now starting to come on stream and this should make a difference to

Diamond Build (Holdings) plc

The Directors' Report

Period ended 31 December 2006

this year's turnover which we expect to come in at c£20million

Financial

Group Turnover in 2006 was up 14% at £17.5m (2005 £15.4m)

The Group Gross Margin was up 40% at 14% (2005 10%). Improved margins were due to strict and better monitoring of cost control on jobs. Contract costs continued to be charged with various direct costs such as insurance, vehicle, telephone, technical staff personal health care and pension costs, which in previous years were allocated to overheads.

Group Operating Profits were generated at £28,769 (2005 Loss £835,890) a huge turnaround on the previous year, which was due to increased turnover, improved margins and stabilised overhead costs.

The acquired supply chain roofing Company, Anglo Asphalte Co. Limited, also managed to increase its Turnover by 31% at £2.1m (2005 £1.6m), its Gross Profit was up 31% on previous year to 17% (2005 13%), and thus generated operating profits of £37,290 (2005 Loss £117,505). The improvement in Turnover was due both to an upturn in the market place, and also to a number of tenders submitted in 2005 converting into orders as clients' budgets received approval. Efficient and prompt responses to clients' pricing enquires also had a positive effect.

Cost saving continued to be achieved in certain common areas such as accounting, IT and marketing, which, together with reduced Insurance premium costs, reduced the overall overhead costs for this company.

Expenditure on corporate advertising, sponsorship, corporate events, attending exhibitions and power point presentations continued to rise but were considered necessary to ensure that we maintained our drive for a greater work load.

Group Insurance premiums remain high at £231k due to lack of participants in the insurance market. This has had an effect on our profit margins.

Debtor days

2006 37 days
2005 30 days
2004 44 days
2003 51 days

Creditor days

2006 24 days
2005 32 days
2004 28 days
2003 36 days

Financial Improvements since the end of 2006

Our projections indicate a turnover of £20+m for 2007, an increase of 14% on previous year. The increase in turnover will bring our overheads, which are relatively stable, down as a percentage on turnover thus enabling us to increase our net margin.

Turnover for Anglo Asphalte Co. Limited is expected to be maintained at c£2.0m.

Diamond Build (Holdings) plc

The Directors' Report

Period ended 31 December 2006

Business Development

The emphasis this year has again been on applications, pre-qualifications, submissions, pricing documentation and interviews for framework agreements for local authorities, housing associations, and Arms Length Management Organisations etc

We are finding that the industry has changed and there are fewer opportunities to price traditional tendered work as the trend to convert to framework agreements continues

With this type of work there is a considerable time delay before the work comes on stream. This year we were appointed as a partner by Hyde Housing Association within their refurbishment framework to complete their decent homes initiative. This was due to start on site in October this year but unfortunately the work looks as if it will be delayed for about one year whilst their various procedures are sorted out. We are still awaiting the results of two other applications for inclusion on Framework agreements.

At present we are on eight framework / partnering agreements with various clients which should help to stabilise and maintain our workload in future years.

Tendering & Estimating

Our success rate on traditional tendering has been poor but our workload has been supplemented by negotiated and partnering arrangements.

The recommended restructuring process called for us to bring in a Commercial Director to be responsible for the Estimating, Business Development and Buying Departments. We have already managed to make this appointment and the new person has agreed to join us on the 1st June 07.

Buying and Stores

During 2006 we installed tracking devices in all of our company vehicles which is making it much easier to control our transport costs and labour / drivers.

With the upgrading of our South London offices to a larger facility within the same complex we were able to review the stores facility there. We racked and fitted it out and stocked it with sundry materials that are in constant use in South London.

During the year we have undertaken a review of our suppliers and obtained better prices and service from new companies particularly with regard to sanitary-ware and kitchens. We have obtained a bar code system for the control of our stores stock and this will be installed and come live in 2007.

During the year we obtained ISO 14001 2004 For Environmental Management and we have therefore improved our waste disposal systems and introduced new energy saving measures as well as installing secure bike racks in accordance with our green transport policy.

Diamond Build (Holdings) plc

The Directors' Report

Period ended 31 December 2006

London We have agreed terms on a leasehold property which is suitable for our North West London Operational Office

The partnering / framework agreements with Hammersmith & Fulham Housing and Stadium Housing Association are now coming on stream and have reinforced the viability of establishing a new regional office

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

	Ordinary Shares of £1 each	
	At	At
	31 December 2006	21 December 2005 Or later date of appointment
J A Gray M C I O B (appointed 21 December 2005)	50,000	50,000
S R Lakhani F C C A (appointed 21 December 2005)	-	-

Policy on the payment of creditors

It is the group's policy to pay sub-contractors and suppliers in accordance with their agreed terms and conditions. Such terms and conditions are agreed in advance of each transaction type and the group aims to comply with such terms once the satisfactory performance of service or receipt of goods is achieved. This is achieved by processing invoices daily and having weekly payment runs, using the DEMA accounting system that auto processes payments daily to the Barclays BACS payment facility. At 31 December 2006 the trade creditors of the group represented 24 days (2005: 32 days) of the purchases made during the period.

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Period ended 31 December 2006

Auditor

A resolution to re-appoint MacIntyre Hudson LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office
52 - 68 Stamford Road
Tottenham
London
N15 4PZ

Signed by order of the directors



S R Lakhani F C C A
Company Secretary

Approved by the directors on 2nd May 2007

Diamond Build (Holdings) plc

Statement of Directors' Responsibilities

Period ended 31 December 2006

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors are 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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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 each and every director is aware

there is no relevant audit information of which the group's auditor is unaware, and

each and every director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Diamond Build (Holdings) plc

Independent Auditor's Report to the Shareholders of Diamond Build (Holdings) Plc

Period ended 31 December 2006

We have audited the group and parent company financial statements ("the financial statements") of Diamond Build (Holdings) Plc for the period ended 31 December 2006 which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow, Accounting Policies and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' 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 Directors' 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 Directors' 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 directors' remuneration and other transactions 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 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.

Diamond Build (Holdings) plc

Independent Auditor's Report to the Shareholders of Diamond Build (Holdings) Plc

Period ended 31 December 2006

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 2006

and of the group's profit for the period then ended,

have been properly prepared in accordance with the Companies Act 1985, and

in our opinion the information given in the Directors' Report is consistent with the financial statements



MACINTYRE HUDSON LLP
Chartered Accountants
& Registered Auditors

Euro House
1394 High Road
Whetstone
London
N20 9YZ

4th May 2007

Diamond Build (Holdings) plc

Profit and Loss Account

Period ended 31 December 2006

	Note	Year to 31 December 2006 £	Year to 31 December 2005 £
Group turnover	1	17,523,873	15,384,049
Cost of sales		15,100,768	13,790,755
Gross profit		2,423,105	1,593,294
Administrative expenses		2,407,849	2,439,758
Other operating income	2	(13,513)	(10,574)
Operating profit/(loss)	3	28,769	(835,890)
Interest receivable	6	73,777	8,708
Interest payable and similar charges	7	(79,767)	(85,112)
Profit/(loss) on ordinary activities before taxation		22,779	(912,294)
Tax on profit/(loss) on ordinary activities	8	6,464	(186,351)
Profit/(loss) for the financial year	9	<u>£16,315</u>	<u>£(725,943)</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 year as set out above

The accounting policies and notes on pages 15 to 27 form part of these financial statements.

Diamond Build (Holdings) plc

Group Balance Sheet

31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	10	155,231	164,704
Tangible assets	11	266,724	265,882
		<u>421,955</u>	<u>430,586</u>
Current assets			
Stocks	13	75,354	169,105
Debtors	14	3,617,075	3,794,041
Cash at bank and in hand		1,436,699	1,052,873
		<u>5,129,128</u>	<u>5,016,019</u>
Creditors amounts falling due within one year	16	<u>3,351,780</u>	<u>3,258,957</u>
Net current assets		<u>1,777,348</u>	<u>1,757,062</u>
Total assets less current liabilities		<u>2,199,303</u>	<u>2,187,648</u>
Creditors amounts falling due after more than one year	17	<u>820,000</u>	<u>824,660</u>
		<u>£1,379,303</u>	<u>£1,362,988</u>
Capital and reserves			
Called-up equity share capital	23	50,000	50,000
Other reserves	24	50,000	50,000
Profit and loss account	24	1,279,303	1,262,988
Shareholders' funds	24	<u>£1,379,303</u>	<u>£1,362,988</u>

These financial statements were approved by the directors on the 2nd May 2007 and are signed on their behalf by

J A Gray M.B.E.
Director

The accounting policies and notes on pages 15 to 27 form part of these financial statements.

Diamond Build (Holdings) plc

Balance Sheet

31 December 2006

	Note	2006 £	£
Fixed assets			
Investments	12		50,003
			<u>50,003</u>
Creditors, amounts falling due within one year	16	3	
Net current liabilities			<u>(3)</u>
Total assets less current liabilities			<u>50,000</u>
			<u><u>£50,000</u></u>
Capital and reserves			
Called-up equity share capital	23		50,000
Shareholders' funds			<u><u>£50,000</u></u>

These financial statements were approved by the directors on the *2nd May 2007* and are signed on their behalf by:


J A Gray M C O B
Director

The accounting policies and notes on pages 15 to 27 form part of these financial statements.

Diamond Build (Holdings) plc

Group Cash Flow

Period ended 31 December 2006

		Year to 31 December 2006 £	Year to 31 December 2005 £
	Note		
Net cash inflow from operating activities	25	452,722	396,183
Returns on investments and servicing of finance	25	(5,990)	(76,404)
Taxation	25	8,183	132
Capital expenditure and financial investment	25	(136,961)	903,622
Cash inflow before financing		317,954	1,223,533
Financing	25	(4,660)	(60,443)
Increase in cash	25	<u>£313,294</u>	<u>£1,163,090</u>

The accounting policies and notes on pages 15 to 27 form part of these financial statements.

Diamond Build (Holdings) plc

Accounting Policies

Period ended 31 December 2006

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings made up to 31 December 2006

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 its useful economic life

The acquisitions of Diamond Build Plc, Diamond Maintenance Limited, Diamond Special Works Limited and P J Diamond (Building Contractors) Limited are accounted for as a merger under the provisions of Financial Reporting Standard 6 "Mergers and Acquisitions" and Schedule 4A of the Companies Act 1985. The results are presented as if Diamond Build (Holdings) Plc had owned the aforementioned companies throughout the current accounting period and comparative accounting period

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 receivable for goods and services provided and a valuation of amounts recoverable on contracts at the period end exclusive of Value Added Tax

Amortisation

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Goodwill - 20 years straight line

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Leasehold Property	- 9 years straight line
Plant & Machinery	- 4 years straight line
Fixtures & Fittings	- 4 years straight line
Motor Vehicles	- 6 years straight line
Computer Equipment	- 3 years straight line

Stocks

Stocks are stated at the lower of cost and net realisable value

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for slow moving, obsolete and damaged stocks

The cost of raw materials and consumable stores consists of the purchase price including transport and handling costs, less trade discount, calculated on a first in first out basis

Diamond Build (Holdings) plc

Accounting Policies (continued)

Period ended 31 December 2006

Work in progress - amounts recoverable on contracts

Work in progress comprises work completed or measured parts thereof not yet invoiced to customers and is stated after making due allowance for irrecoverable amounts. Profit on contracting activities is taken as work progresses, unless a more conservative approach is necessary. The percentage margin on each individual contract is the lower of the margin earned to date and that forecast to completion, taking account of agreed claims.

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 scheme. 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.

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Fixed asset investments

Fixed asset investments are stated at cost less any provisions for diminution in value.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	2006 £	2005 £
United Kingdom	<u>17,523,873</u>	<u>15,384,049</u>

2. Other operating income

	2006 £	2005 £
Other operating income	<u>13,513</u>	<u>10,574</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2006 £	2005 £
Amortisation	9,474	9,474
Depreciation of owned fixed assets	132,798	149,255
Loss on disposal of fixed assets	3,321	4,661
Auditor's remuneration		
- as auditor	23,395	19,750
- for other services	5,070	5,510
Operating lease costs		
Land and buildings	<u>94,395</u>	<u>14,400</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

4. Particulars of employees

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

	2006 No.	2005 No
Number of production staff	62	96
Number of administrative staff	34	30
Number of management staff	42	41
	<u>138</u>	<u>167</u>

The aggregate payroll costs of the above were

	2006 £	2005 £
Wages and salaries	4,915,204	5,136,174
Social security costs	451,452	482,373
Other pension costs	46,673	64,704
	<u>£5,413,329</u>	<u>£5,683,251</u>

5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Emoluments receivable	463,247	543,398
Value of company pension contributions to money purchase schemes	13,900	13,900
	<u>£477,147</u>	<u>£557,298</u>

Emoluments of highest paid director.

	2006 £	2005 £
Total emoluments (excluding pension contributions)	78,224	109,138
Value of company pension contributions to money purchase schemes	10,000	10,000
	<u>£88,224</u>	<u>£119,138</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

5. Directors' emoluments *(continued)*

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

	2006 No.	2005 No
Money purchase schemes	<u>3</u>	<u>3</u>

6. Interest receivable

	2006 £	2005 £
Bank interest receivable	<u>£73,777</u>	<u>£8,708</u>

7 Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank borrowing	8,658	9,908
Interest on other loans	<u>71,109</u>	<u>75,204</u>
	<u>£79,767</u>	<u>£85,112</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year at 19% (2005 - 30%)	13,495	-
(Over)/under provision in prior year	-	(18,942)
Total current tax	<u>£13,495</u>	<u>£(18,942)</u>
Deferred tax		
Origination and reversal of timing differences	<u>(7,031)</u>	<u>(167,409)</u>
Tax on profit/(loss) on ordinary activities	<u>£6,464</u>	<u>£(186,351)</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

8. Taxation on ordinary activities *(continued)* (b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19% (2005 - 30%)

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	<u>22,779</u>	<u>(912,294)</u>
Profit on ordinary activities by rate of tax	4,328	(273,688)
Expenses disallowed	1,677	15,250
Excess depreciation over capital allowances	5,537	14,749
Amortisation of goodwill arising on consolidation	1,800	2,842
Other differences	153	-
Under provision in prior years tax charge	-	(18,942)
Losses utilised against chargeable gain	-	13,210
Losses carried back	-	12,920
Losses carried forward	-	214,717
Total current tax (note 8(a))	<u>£13,495</u>	<u>£(18,942)</u>

9 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £nil (2005 - £nil)

10. Intangible fixed assets Group

	Goodwill £
Cost	
At 1 January 2006 and 31 December 2006	<u>189,483</u>
Amortisation	
At 1 January 2006	24,778
Charge for the year	9,474
At 31 December 2006	<u>£34,252</u>
Net book value	
At 31 December 2006	<u>155,231</u>
At 31 December 2005	<u>164,705</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

11 Tangible fixed assets Group	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Jan 2006	–	27,422	299,802	479,328	345,410	1,151,962
Additions	18,200	–	55,346	25,995	49,604	149,145
Disposals	–	–	(1,999)	(31,745)	(475)	(34,219)
At 31 Dec 2006	<u>£18,200</u>	<u>£27,422</u>	<u>£353,149</u>	<u>£473,578</u>	<u>£394,539</u>	<u>£1,266,888</u>
Depreciation						
At 1 Jan 2006	–	18,743	261,494	302,140	303,703	886,080
Charge for the year	505	6,723	27,292	61,394	36,884	132,798
On disposals	–	–	(1,458)	(16,781)	(475)	(18,714)
At 31 Dec 2006	<u>£505</u>	<u>£25,466</u>	<u>£287,328</u>	<u>£346,753</u>	<u>£340,112</u>	<u>£1,000,164</u>
Net book value						
At 31 Dec 2006	<u>17,695</u>	<u>1,956</u>	<u>65,821</u>	<u>126,825</u>	<u>54,427</u>	<u>266,724</u>
At 31 Dec 2005	–	8,679	38,308	177,188	41,707	265,882
12. Investments Company						Group companies £
Cost						
At 21 December 2005						–
Additions						50,003
Disposals						–
At 31 December 2006						<u>50,003</u>
Net book value						
At 31 December 2006						<u>50,003</u>
At 21 December 2005						–
Company				Activity	Ordinary shares % Held	
* Anglo Asphalt Co Limited				Roofing contractors	100%	
Diamond Build Plc				Building contractors	100%	
Diamond Maintenance Limited				Dormant	100%	
Diamond Special Works Limited				Dormant	100%	
P J Diamond (Building Contractors) Limited				Dormant	100%	

The above companies have year ends of 31 December 2006

* = indirectly held

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

13 Stocks

	Group		Company
	2006	2005	2006
	£	£	£
Stock	68,046	80,610	–
Work in progress	7,308	88,495	–
	<u>£75,354</u>	<u>£169,105</u>	<u>£–</u>

14 Debtors

	Group		Company
	2006	2005	2006
	£	£	£
Trade debtors	2,394,935	2,041,140	–
Amounts owed by group undertakings	–	–	–
Other debtors	956,405	1,492,842	–
Directors current accounts	–	4,308	–
Deferred taxation (Note 15)	170,491	163,460	–
Prepayments and accrued income	95,244	92,291	–
	<u>£3,617,075</u>	<u>£3,794,041</u>	<u>£–</u>

15. Deferred taxation

The movement in the deferred taxation asset during the year was

	Group		Company
	2006	2005	2006
	£	£	£
Asset brought forward	163,460	(3,949)	–
Increase in asset	7,031	167,409	–
Asset carried forward	<u>£170,491</u>	<u>£163,460</u>	<u>£–</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2006		2005	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	8,257	1,493	1,226	145
Tax losses available	162,234	96,587	162,234	96,520
	<u>£170,491</u>	<u>£98,080</u>	<u>£163,460</u>	<u>£96,665</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

16. Creditors: amounts falling due within one year

	Group 2006 £	2005 £	Company 2006 £
Bank loans and overdrafts	276,929	206,397	—
Trade creditors	1,017,477	1,288,275	—
Other creditors including taxation and social security			
Corporation tax	13,495	—	—
Other taxation and social security	452,978	364,462	—
Directors' loans	85,000	85,000	—
Other creditors	1,505,901	1,314,823	3
	<u>£3,351,780</u>	<u>£3,258,957</u>	<u>£3</u>

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

	Group 2006 £	2005 £	Company 2006 £
Bank loans and overdrafts	<u>276,929</u>	<u>206,397</u>	<u>—</u>

17 Creditors: amounts falling due after more than one year

	Group 2006 £	2005 £	Company 2006 £
Bank loans and overdrafts	—	4,660	—
Directors' loans	820,000	820,000	—
	<u>£820,000</u>	<u>£824,660</u>	<u>£—</u>

Diamond Build Plc has provided a cross guarantee to the bank in respect of Anglo Asphalt Co Limited's borrowings. Bank borrowings are secured by way of a floating charge over all of the group's assets.

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

	Group 2006 £	2005 £	Company 2006 £
Bank loans and overdrafts	<u>—</u>	<u>4,660</u>	<u>—</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

During the year the company paid rent of £14,400 (2005 £14,400) to Arden Roofing Company Limited, a company in which one of the directors N W Johnson, is a director and is beneficially interested in 100% of the issued share capital

In addition the company owes N W Johnson and R Webber £60,000 (2005 £60,000) each which is included in directors' loans. These loans are interest free and are to be repaid once the company meets certain performance criteria

22. Related party transactions

There were no transactions with related parties undertaken such as are required to be disclosed under Financial Reporting Standard 8 'Related Party Transactions'

23 Share capital

Authorised share capital

	2006 £	2005 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

24 Reconciliation of shareholders' funds and movement on reserves

Group	Share capital £	Capital redemption reserve £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	£50,000	£50,000	£1,262,988	£1,362,988
Profit for the year	—	—	16,315	16,315
Balance carried forward	<u>£50,000</u>	<u>£50,000</u>	<u>£1,279,303</u>	<u>£1,379,303</u>
Company	Share capital £			Total share- holders' funds £
Balance brought forward	£—			£—
Shares issued	50,000			50,000
Profit for the year	—			—
Balance carried forward	<u>£50,000</u>			<u>£50,000</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

25. Notes to the statement of cash flows

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2006 £	2005 £
Operating profit/(loss)	28,769	(835,890)
Amortisation	9,474	9,474
Depreciation	132,798	149,255
Loss on disposal of fixed assets	3,321	4,661
Decrease/(increase) in stocks	93,751	(81,696)
Decrease in debtors	175,814	876,436
Increase in creditors	8,795	273,943
Net cash inflow from operating activities	<u>£452,722</u>	<u>£396,183</u>

Returns on investments and servicing of finance

	2006 £	2005 £
Interest received	73,777	8,708
Interest paid	(79,767)	(85,112)
Net cash outflow from returns on investments and servicing of finance	<u>(5,990)</u>	<u>(76,404)</u>

Taxation

	2006 £	2005 £
Taxation	<u>8,183</u>	<u>132</u>

Capital expenditure

	2006 £	2005 £
Payments to acquire tangible fixed assets	(149,145)	(44,378)
Receipts from sale of fixed assets	12,184	948,000
Net cash (outflow)/inflow from capital expenditure	<u>(136,961)</u>	<u>903,622</u>

Financing

	2006 £	2005 £
Increase in/(repayment of) bank loans	(4,660)	(35,443)
Repayment of directors' long-term loans	-	(25,000)
Net cash inflow/(outflow) from financing	<u>(4,660)</u>	<u>(60,443)</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Period ended 31 December 2006

25. Notes to the statement of cash flows (continued) Reconciliation of net cash flow to movement in net funds

	2006	2005
	£	£
Increase in cash in the period	313,294	1,163,090
Net cash (inflow) from/outflow from bank loans	4,660	35,443
Cash outflow from directors' long-term loans	—	25,000
Change in net funds resulting from cash flows	317,954	1,223,533
Movement in net funds in the period	317,954	1,223,533
Net funds at 1 January 2006	21,816	(1,201,717)
Net funds at 31 December 2006	£339,770	£21,816

Analysis of changes in net funds

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash			
Cash in hand and at bank	1,052,873	383,826	1,436,699
Overdrafts	(68,607)	(19,159)	(87,766)
	984,266	364,667	1,348,933
Debt			
Debt due within 1 year	(137,790)	(51,373)	(189,163)
Debt due after 1 year	(824,660)	4,660	(820,000)
	(962,450)	(46,713)	(1,009,163)
Net funds	£21,816	£317,954	£339,770

26. Ultimate controlling party

The company was under the control of J A Gray M C I O B who is beneficially interested in 100% of the issued share capital