DENNIS CORPORATION

REPORT ON FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007

DENNIS CORPORATION

CONTENTS

Dennis Corporation
Columbia, South Carolina

We have compiled the accompanying balance sheets of Dennis Corporation as of December 31, 2008 and 2007, and the related statements of income, stockholders' equity and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 11 to the financial statements, the Company has not complied with the requirements of Financial Accounting Standards Board Interpretation No. 46R *Consideration of Variable Interest Entities.* This would require the consolidation of the financial statements for the Company and a related entity (Dennis Corporation Development, LLC) which, in our opinion, should be consolidated in order to conform with accounting principles generally accepted in the United States of America. Had the activities of the related entity been recorded in these financial statements, net income would have decreased by $82,123 and stockholders' equity would have decreased by $82,123.

Elliott Davis, LLC

Columbia, South Carolina
January 26, 2009

DENNIS CORPORATION
BALANCE SHEETS

	December 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 108,393	$ 18,150
Accounts receivable, net of allowance of $102,000	1,002,025	649,749
Total current assets	1,110,418	667,899
PROPERTY AND EQUIPMENT, net	1,270,555	925,293
	$ 2,380,973	**$ 1,593,192**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Lines of credit	$ 634,282	$ 337,074
Current portion of long-term debt	229,170	166,319
Accounts payable and accrued expenses	255,351	218,419
Due to stockholder	13,904	130,740
Total current liabilities	1,132,707	852,552
LONG-TERM DEBT	702,149	450,969
DEFERRED INCOME TAXES	114,428	50,827
STOCKHOLDERS' EQUITY		
Common stock ($1.50 stated value; 100,000 shares authorized, 87,666 shares issued)	131,500	131,500
Retained earnings	300,189	107,344
Total stockholders' equity	431,689	238,844
	$ 2,380,973	**$ 1,593,192**

See accountants' compilation report and notes to financial statements which are an integral part of these statements.

DENNIS CORPORATION
STATEMENTS OF INCOME

	For the years ended December 31, 2008	2007
OPERATING REVENUES	$ 5,938,267	$ 3,008,074
OPERATING EXPENSES		
Automobile	285,142	118,239
Bad debts	126,852	125,584
Cleaning/janitorial	4,685	-
Contract labor	725,874	294,160
Contributions	18,074	12,480
Depreciation	259,241	149,013
Dues and subscriptions	45,831	30,448
Gifts	6,490	3,373
Insurance	279,512	119,121
Internet	5,245	1,849
Lab testing	40,519	29,219
Leased equipment	63,394	6,699
Marketing and advertising	14,423	14,690
Meals and entertainment	65,495	23,960
Miscellaneous expenses and fees	23,042	16,441
Office supplies	74,600	55,087
Payroll	2,820,281	1,530,799
Postage and delivery	14,436	8,644
Printing and reproduction	52,034	20,186
Professional development	23,796	12,062
Professional fees	46,304	106,663
Rent	201,020	78,269
Repairs and maintenance	12,742	3,433
Supplies	123,048	38,312
Survey expense	8,486	11,632
Taxes and licenses	76,285	44,812
Telephone and fax	70,584	25,589
Training and certification	32,506	15,035
Travel	88,755	31,856
Utilities	6,668	-
Total operating expenses	5,615,364	2,927,655
Net operating revenues over expenses	322,903	80,419
OTHER INCOME (EXPENSE)		
Rental income	6,500	6,000
Interest income	1,405	56
Other income	18,782	16,851
Interest expense	(93,144)	(72,700)
Total other income (expense)	(66,457)	(49,793)
Net income before income taxes	256,446	30,626
PROVISION (CREDIT) FOR INCOME TAXES	63,601	(781)
Net income	$ 192,845	$ 31,407

See accountants' compilation report and notes to financial statements which are an integral part of these statements.

DENNIS CORPORATION
STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Retained	
	Shares	**Amount**	**Earnings (Deficit)**	**Total**
BALANCE, January 1, 2007	87,666	$ 131,500	$ 75,937	$ 207,437
Net income	-	-	31,407	31,407
BALANCE, December 31, 2007	87,666	131,500	107,344	238,844
Net income	-	-	192,845	192,845
BALANCE, December 31, 2008	**87,666**	**$ 131,500**	**$ 300,189**	**$ 431,689**

See accountants' compilation report and notes to financial statements which are an integral part of these statements.

DENNIS CORPORATION
STATEMENTS OF CASH FLOWS

	For the years ended December 31, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 192,845	$ 31,407
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Depreciation	259,241	149,013
Deferred income taxes	63,601	(781)
Changes in deferred and accrued amounts		
Accounts receivable, net	(352,276)	(231,126)
Accounts payable and accrued expenses	36,929	(55,944)
Net cash provided by (used for) operating activities	200,340	(107,431)
INVESTING ACTIVITIES		
Purchases of property and equipment	(503,327)	(500,730)
Net cash used for investing activities	(503,327)	(500,730)
FINANCING ACTIVITIES		
Proceeds from (payments on) stockholder loan	(116,835)	46,031
Principal payments on notes payable	(282,781)	(144,111)
Proceeds from new notes payable	495,638	299,950
Proceeds from bank lines of credit	297,208	337,074
Net cash provided by financing activities	393,230	538,944
Net decrease in cash and cash equivalents	90,243	(69,217)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,150	87,367
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 108,393**	**$ 18,150**
CASH PAID DURING THE YEAR FOR		
Interest	**$ 93,144**	**$ 72,855**
NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment acquired through capital leases	**$ 101,176**	**$ -**

See accountants' compilation report and notes to financial statements which are an integral part of these statements.

DENNIS CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business

Dennis Corporation is a Southeastern licensed engineering, surveying and construction management firm specializing in a wide range of projects. Dennis Corporation's divisions include accounting, business development, civil infrastructure, construction management, construction services, expert witness services, information technology, intelligent transportation systems (ITS), marketing, roadway design, special projects, special inspections, surveying and traffic engineering.

The Company's significant accounting policies are summarized as follows:

Cash and cash equivalents

The Company considers all liquid, non-equity investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable

Trade receivables are carried at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of the collectability of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectability of an account receivable, such amount is charged off against the allowance for doubtful accounts.

Property and equipment

Property and equipment is stated at cost. Maintenance and repairs which do not improve or extend the useful lives of the assets are charged to expense as incurred. Depreciation is computed using accelerated and straight-line methods over the estimated useful lives of the respective assets, which range from five to ten years.

Revenue recognition

The Company recognizes revenue from performing services as the services are performed.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company expenses advertising costs as they are incurred.

Income taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. Under SFAS No. 109, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable (refundable) for the period and the change during the period in deferred tax assets and liabilities.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Company places its temporary cash investments with banks located in South Carolina. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits. The Company sells its products to customers throughout South Carolina and extends credit based on an evaluation of the customer's financial condition, generally without requiring collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure to credit losses and writes off uncollectible accounts as needed.

The Company derives a substantial portion of its gross revenues from services to two major customers. Following is a summary of the operating revenues and accounts receivable with these customers at December 31:

	Operating revenues for the year ended December 31, 2008		December 31, 2008	Operating revenues for the year ended December 31, 2007		December 31, 2007
	Amount	Percent of revenues	Accounts receivable	Amount	Percent of revenues	Accounts receivable
Customer 1	$ 1,539,954	26%	$ 301,072	$ 693,762	23%	$ 22,296
Customer 2	1,613,183	27%	91,252	470,204	16 %	221,856

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2008	2007
Current billings, net of allowances	$ 1,002,025	$ 511,975
Unbilled receivables	-	137,774
	$ 1,002,025	$ 649,749

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2008	2007
Telephone system	$ 4,750	$ 4,750
Software and office equipment	311,734	212,638
Equipment	257,294	178,413
Furniture	120,157	107,681
Transportation equipment	1,049,451	635,401
	1,743,386	1,138,883
Less accumulated depreciation	472,831	213,590
	$ 1,270,555	$ 925,293

NOTE 5 - LINE OF CREDIT

The Company has a $300,000 ($350,000 at December 31, 2007) line of credit with a local financial institution. Borrowings on the line accrue interest at Wall Street Journal Prime (4% at December 31, 2008) plus 1%. The line is secured by a blanket first lien on all accounts receivable and equipment of the Company. As of December 31, 2008 and 2007, the balance due was $205,702 and $337,074, respectively.

The Company has a $200,000 working line of credit with the City of Columbia. Borrowings on the line accrue interest at 5.25% daily interest. The line is secured by a blanket second lien on all accounts receivable of the Company. As of December 31, 2008, the balance due was $200,000.

The Company has a $250,000 working line of credit with the Business Development Corporation. Borrowings on the line accrue interest at 7.25%. The line is secured by a blanket third lien on real estate of the shareholder. At December 31, 2008, the balance due was $228,580.

NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following:

	Interest Rate	Monthly Installment	Maturity Date	Collateral	Net Book Value	Balance December 31, 2008	Balance December 31, 2007
Vehicle Loans - Banks	5.625%	$ 477	June 2011	Truck	$ 8,705	$ 12,306	$ 17,664
	5.057%	450	July 2011	Truck	8,854	13,001	17,202
	7.50%	523	August 2011	Truck	12,194	14,411	19,427
	7.49%	448	March 2011	Truck	10,039	11,573	15,933
	8.00%	1,369	July 2011	3 Trucks	30,775	36,246	49,461
	7.50%	442	November 2011	Truck	11,722	13,927	18,057
	7.50%	1,568	November 2011	3 Trucks	42,981	44,560	59,573
	7.75%	1,058	March 2012	2 Trucks	30,354	36,453	45,998
	8.99%	571	March 2012	Truck	17,708	19,802	24,808
	8.99%	586	March 2012	Truck	17,816	19,923	24,958
	8.99%	572	May 2012	Truck	20,160	21,061	26,078
	3.90%	535	July 2012	Truck	20,853	21,996	27,460
	3.90%	534	July 2012	Truck	20,783	21,921	27,368
	2.90%	559	August 2012	Truck	22,854	23,377	29,329
	4.90%	586	November 2012	Truck	25,017	25,619	31,271
	4.90%	586	November 2012	Truck	24,495	25,619	31,271
	4.90%	465	December 2012	Truck	19,712	20,687	24,640
	0.00%	460	March 2013	Truck	22,991	23,451	-
	0.00%	455	March 2013	Truck	23,205	23,660	-
	1.90%	479	April 2013	Truck	23,289	23,952	-
	6.69%	498	April 2013	Truck	21,895	22,925	-
	6.69%	498	April 2013	Truck	21,895	22,925	-
	6.69%	517	April 2013	Truck	22,728	23,798	-
	6.99%	505	July 2013	Truck	23,309	24,202	-
	6.99%	411	July 2013	Truck	18,975	19,702	-
	6.99%	413	July 2013	Truck	19,082	19,814	-
	6.99%	490	July 2013	Truck	22,615	23,481	-
	6.99%	413	July 2013	Truck	19,057	19,788	-
	6.99%	403	July 2013	Truck	18,593	19,306	-
	6.99%	508	July 2013	Truck	23,448	24,346	-
	6.99%	483	July 2013	Truck	22,298	23,153	-
	8.19%	406	October 2013	Truck	19,224	19,817	-
	8.19%	513	October 2013	Truck	24,260	25,008	-
	8.69%	567	December 2013	Truck	26,977	27,434	-

(Continued)

NOTE 6 - LONG-TERM DEBT, Continued

	Interest Rate	Monthly Installment	Maturity Date	Collateral	Net Book Value	Balance December 31, 2008	2007
Equipment Loans - Bank	7.50%	1,525	December 2011	Survey equipment	-	-	58,530
	8.25%	926	June 2011	Survey equipment	-	-	31,724
	6.00%	1,581	June 2013	Survey equipment	111,777	74,501	-
Equipment Loan - Related Party	6.25%	-	May 2011	Equipment	-	-	36,536
						843,745	617,288
Equipment - Capital Leases							
	10.91%	1,168	March 2013	Survey equipment	50,259	47,272	-
	8.16%	783	March 2011	Deltek software	18,698	21,144	-
	8.16%	356	March 2011	Furniture	10,964	9,475	-
	8.16%	320	May 2011	Nuclear gauge	9,555	9,683	-
						931,319	617,288
Less current maturities						229,170	166,319
Long-term portion						$ 702,149	$ 450,969

Maturities of notes payable in each of the five years following December 31, 2008 are as follows:

2009	$ 204,709
2010	218,102
2011	206,807
2012	147,988
2013	66,139
	$ 843,745

Future minimum lease payments on capital leases are as follows:

2009	$ 31,524
2010	31,524
2011	20,884
2012	14,018
2013	2,836
Total minimum lease payments	100,786
Less amounts representing interest	15,280
Present value of minimum lease payments	85,506
Less current portion	24,461
Long-term portion	$ 61,045

NOTE 7 - RETIREMENT PLANS

The Company has a 401(k) plan effective October 1, 2007 covering substantially all employees with no waiting period. The Company currently does not contribute to the 401(k) plan.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company has a demand note payable with a stockholder in the amount of $13,904 and $130,740 at December 31, 2008 and 2007, respectively, with no stated interest rate. Interest has been imputed based on the blended applicable federal rate of 4.71% for 2008 and 2007.

The Company had a note payable with a related party with a balance of $0 and $36,536 at December 31, 2008 and 2007, respectively (see Note 6).

Of the $1,002,025 of net accounts receivable reported on the balance sheet at December 31, 2008, $8,745 is due from a stockholder.

The Company executed a triple-net lease agreement effective December 31, 2008 with Dennis Corporation Development, LLC (owned 100% by the primary stockholder of the Company), to lease its new office headquarters under an operating lease that expires February 1, 2013. Accordingly, the company is responsible for paying all utilities, taxes, insurance and maintenance of the building. The lease payments will be subject to adjustment on an annual basis based on a 1.2 debt ratio of the buildings' loan. Lease payments in effect for 2009 total $18,675 per month.

The Company leases office space in Ridgeland, South Carolina from the primary stockholder's parent expiring April 30, 2009. Lease payments are $7,000 per month.

NOTE 9 - LEASES

The Company has entered into various operating leases for office space and equipment, including some with related parties (see Note 8.) These leases expire at various times through February 2013.

Future minimum lease commitments under all non-cancelable operating leases at December 31, 2008 are as follows:

2009	$ 423,433
2010	366,136
2011	352,549
2012	228,273
2013	19,023
	$ 1,389,414

NOTE 10 - INCOME TAXES

The provision (credit) for income taxes consists of the following for the years ended December 31:

	2008	2007
Current income tax expense	$ -	$ -
Benefit due to federal empowerment zone credit carryover	(10,640)	(17,573)
Benefit due to South Carolina new jobs credit carryover, net	(31,620)	(6,000)
Deferred income tax expense	105,861	22,792
	$ 63,601	$ (781)

(Continued)

NOTE 10 - INCOME TAXES, Continued

The Company files tax returns on the cash basis of accounting. The tax effects of temporary differences that give rise to significant portions of the deferred tax accounts are as follows for the years ended December 31:

	2008	2007
Deferred tax (assets) liabilities applicable to:		
Depreciation	$ 192,040	$ 67,311
Net operating loss and contribution carryforwards	(311,745)	(165,382)
Accrued items	299,966	172,471
Deferred tax liability before credits	180,261	74,400
Federal empowerment zone credit	(28,213)	(17,573)
South Carolina new jobs credit, net	(37,620)	(6,000)
Deferred tax liability	$ 114,428	$ 50,827

The Company has federal and state net operating loss carryforwards totaling $809,718 and $423,490 at December 31, 2008 and 2007, respectively. These net operating loss carryforwards expire on various dates through 2028. The Company also has federal and state tax credits at December 31, 2008 totaling $65,833 and $51,000, respectively. The federal credits will expire in 2028 and the state credits will expire in 2023.

NOTE 11 - GAAP DEPARTURE OF CONSOLIDATION OF VARIABLE INTEREST ENTITIES

In December 2003, the FASB issued Financial Accounting Standards Board Interpretation (FIN) 46R, entitled *Consolidation of Variable Interest Entities*. FIN 46R addresses the consolidation of entities where certain conditions are met. It focuses on controlling financial interests that may be achieved through voting interests, a Company's exposure, or variable interest, to the economic risks and potential rewards from the assets and activities of a variable interest of another entity, for which would be considered the primary beneficiary.

Dennis Corporation Development, LLC (owned 100% by the primary stockholder of the Company) acquired a new office building in January of 2008. This building will become the primary office facility for the Company in 2009 under a lease that was signed December 31, 2008. In accordance with FIN 46R, the Company would be required to consolidate the activity of Dennis Corporation Development, LLC, a variable interest entity, in the accompanying financial statements. However, the compiled financial statements have accounted for the lease separately which represents a departure from accounting principles generally accepted in the United States of America. Had the activities of the related entity been recorded in these financial statements, net income and stockholders' equity would have been decreased by approximately $82,123. This represents the amount of third party rental income less depreciation, interest, and professional expenses the Company would have recorded if the building was included in the financial statements. Projected rent, subject to an annual adjustment based on debt (see notes 8 and 9), at this facility is sufficient to make the related loan payments.