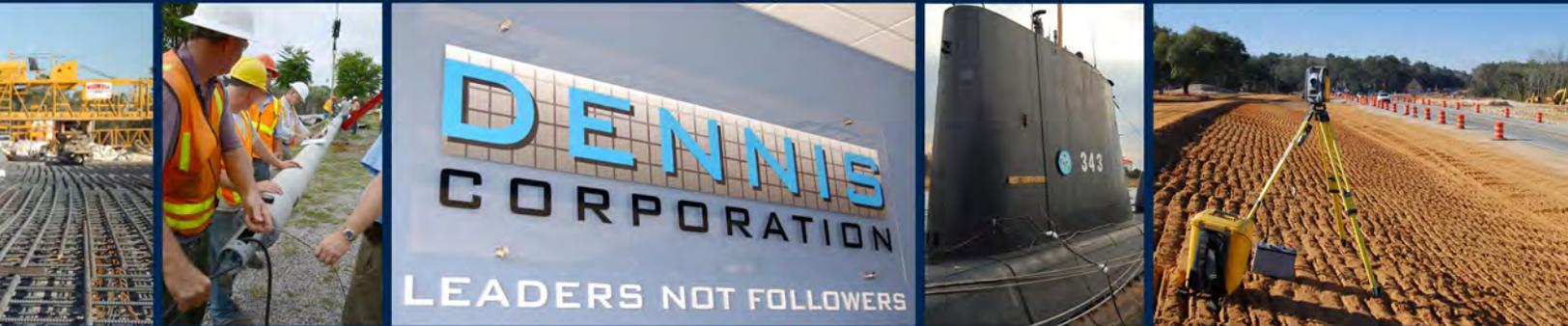


DENNIS

C O R P O R A T I O N



2009
Annual Report

DENNIS

C O R P O R A T I O N

COMPANY HEADQUARTERS

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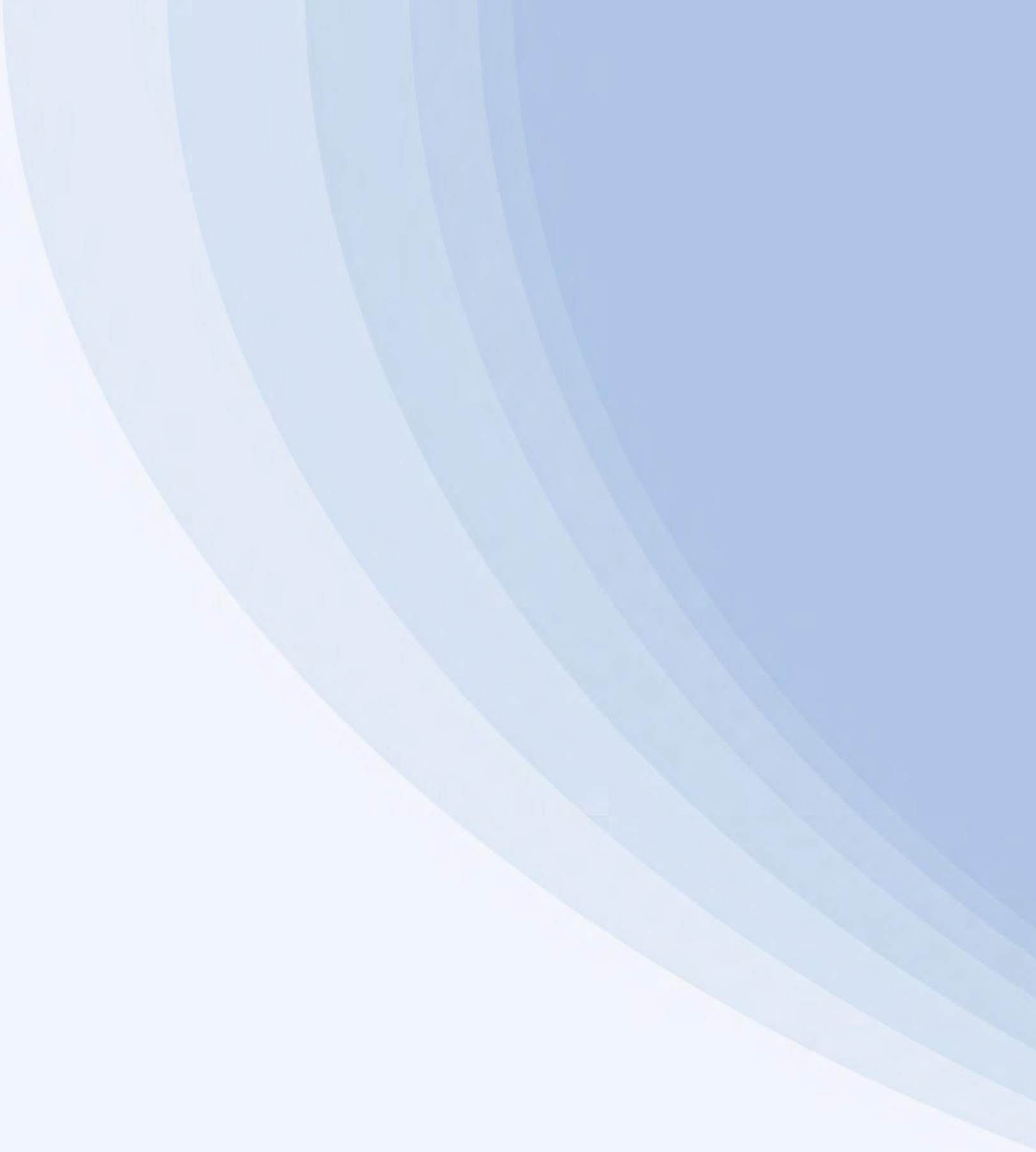


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LEADERS NOT FOLLOWERS

I. Dennis Corporation: 5 Years Stronger

Executive Summary

This past year was one of the toughest economic challenges faced by Americans since the Great Depression. The United States experienced unprecedented struggles caused by a chain of events which still persist today. The year 2009 saw the highest unemployment rates since the recession of the early 1980s, a meltdown of financial markets, and a collapse of the residential, commercial and industrial construction sectors.

The federal government attempted to counteract “The Great Recession” with massive spending programs not attempted since the 1930s. Americans saw the unveiling of the American Recovery and Reinvestment Act (ARRA), Troubled Asset Relief Program (TARP), and corporate bailouts for General Motors, Chrysler, and AIG, all of which combined to produce the highest level of federal deficit spending as a percent of gross national product since World War II.

The future will ultimately determine the success or failure of these rescue measures, but one thing remains crystal clear: 2009 was a brutal year for both small business and large corporate America. Banks stopped lending, consumers stopped purchasing and businesses stopped hiring.

Through this firestorm, we of Dennis Corporation dug in our heels and continued what we started five years ago. During this time, our achievements have been extraordinary. In spite of all the obstacles we faced in 2009, Dennis Corporation had its best year yet. Annual revenue reached an all time high of nearly \$8,000,000. Construction began on our new corporate headquarters, new offices were opened and new employees hired. When the going got tough, the tough got going, and Dennis Corporation was leading the pack.

Obviously, Dennis Corporation must be different to succeed in such difficult times. Why are we different? It’s because we’re driven by leaders of men and women. If you are not a leader at Dennis Corporation, you may be a technical expert, young employee, or future leader, but you are part of something much bigger and stronger than yourself. Simply stated, Dennis Corporation is a results-driven company that never gives up and tolerates no bureaucracy. Although the Corporation is privately owned, it is managed much the same as a publicly traded company. Financials, overhead audits and executive salary are all published on our website, which is well known for its transparency.

To continue the success we achieved in 2009, the company will continue on a path not traveled by our competition. Our number one priority will always be our clients and how we can best serve them through quality, speed and price. Employees will continue to be rewarded for their dedication with benefits unmatched in our industries and opportunities to grow with a company that has no glass ceiling.

In closing, Dennis Corporation would like to thank the men and women who made the impossible happen in 2009, and the clients that provided us the opportunity to succeed.

Sincerely,

DENNIS CORPORATION



II. New Corporate Headquarters

Loan Restructuring

Seventy-two days after the construction start date of December 15, 2009, Dennis Corporation proudly opened the doors of its new headquarters at the corner of Laurel and Huger Street in Columbia, South Carolina. The 14,250 square foot building, designed to achieve maximum productivity, exemplifies the company's strong presence in an otherwise unstable economy. The primary consideration in the building's design was to allow divisions to easily work together and share resources, a core value at Dennis Corporation. By opening our new headquarters in our fifth year, Dennis Corporation will be able to continue its expansion in this state-of-the-art facility.

Once a dilapidated warehouse in the historic Vista District, the building offered great potential for our company. Just blocks from Main Street and Columbia's business district, and conveniently located adjacent to Interstates I-26, I-20 and I-77, the new headquarters offers many opportunities for our growing company. Previously used for warehouse storage, the purchase of the facility meant sufficient space to meet the needs of an increasing employee base as well as maximizing labor efficiency. Dennis Corporation procured financing, purchased the building, and obtained official city building permits in only six months. However, because it was purchased just before the height of the real estate market collapse, Dennis Corporation faced challenges for financing the necessary extensive renovations. Instead of buckling under the weight of the banking collapse, Dennis Corporation stood firm and made it happen.

Visit to Small Business Administration, Washington, DC

Undeterred by the economic chaos, Dennis Corporation sought financing for the renovations through the American Recovery and Reinvestment Act (ARRA) of 2009. However, Dennis Corporation was repeatedly told by the Small Business Administration that the firm did not qualify for its 504 loan program because the Corporation had already purchased the property prior to the economic meltdown. The company tirelessly labored until we knew our voice would be heard. After contact with the local Small Business Administration



Dennis Corporation's New Corporate Headquarters



Worker Constructing Exterior Walls



New Metal Roofing Installation



HVAC Plans

district office and correspondence with South Carolina's congressional leaders, Dennis Corporation boldly traveled to Washington, DC to personally meet with U.S. Small Business Administration executives. For hours, Dennis Corporation discussed existing laws with the individuals who had written them, highlighting elements that could work in our small company's favor. Finally, with personal assistance from Ms. Ana Ma, Chief of Staff of the U.S. Small Business Administration, and U.S. Congressman J. Gresham Barrett, Dennis Corporation was able to develop a plan.

Local Partners

This incredible facility would never have been possible if not for the help of our many partners. Dennis Corporation would like to personally thank the National Bank of South Carolina, The City of Columbia Office of Business Opportunities, the Provident Financial Group, the Mercantile Capital Corporation, and the Small Business Administration. Their assistance helped us realize our goal during a time when small businesses had little hope.

Empowerment Zone

Dennis Corporation's new corporate headquarters is located in the center of Columbia's Empowerment Zone. Created by former President Bill Clinton to help local governments revitalize depressed districts, the Empowerment Zone includes the Vista, which now boasts a vibrant urban core with many successful companies lining its streets. According to the U.S. Department of Housing and Urban Development, Empowerment Zone tax incentives encourage businesses to open, expand, and hire local residents. Through incentives such as employment credits, a 0% tax on capital gains, and increased tax deductions on equipment, Dennis Corporation can contribute to the local economy. During 2009, while most businesses were rapidly downsizing, Dennis Corporation steadily hired new employees. Twenty-five percent of Dennis Corporation's employees currently live in the Empowerment Zone. Without the support and benefits of the Empowerment Zone, Dennis Corporation could have become another statistic. Instead, we thrived.



Dennis Corporation's "Sword Room" Conference Room

“The revitalization of the City of Columbia has been possible because of success stories like Dennis Corporation where businesses have been able to continue to grow despite a challenging economy. New construction within the Empowerment Zone was minimal in 2009, making Dennis Corporation's new headquarters a remarkable milestone for the company.”

- Former Mayor Bob Coble
City of Columbia, SC

III. Engineering / Surveying / Construction Management Industry Snapshot for 2009



For the engineering, surveying and construction management industry, 2009 was a year of constant challenges and financial loss. According to the *Monthly Labor Review*, in 2009, many businesses struggled while “the unemployment rate reached double digits, the employment-population ratio fell sharply, and the numbers of unemployed, discouraged workers, and involuntary part-timers rose.”¹ Unemployment in construction skyrocketed to almost 25%, nearly twice the figure from the previous year,² while total construction starts in 2009 plunged 26%.³ Even industry giants felt the economic pinch, with many engineering, surveying, and construction management firms being forced to lay off employees while their executives took substantial salary cuts. However, small businesses suffered most, with loan defaults steadily rising and banks cutting their small business loan balances by a staggering total of \$10.5 billion in the last six months of 2009.⁴

“This crisis caused a lot of damage. And we have a long way to go and a lot of challenges we still need to confront. We need to boost investment in the nation’s infrastructure so that we can help the private sector take on projects that are long overdue and that put Americans back to work.”

- Secretary of the Treasury, Timothy F. Geithner

Left: Construction of the New SC 802 Bridge Parallel to the Existing J. E. McTeer Bridge in Beaufort County; Part of the SC 802 Widening Project

1. Hipple, Steven F. "The Labor Market in 2009: Recession Drags On." *Monthly Labor Review Online*, Mar. 2010.
2. "Databases, Tables & Calculators by Subject: Labor Force Statistics from the Current Population Survey." *United States Department of Labor: Bureau of Labor Statistics*, 18 Jun. 2010.
3. "Forecasts & Trends: New Construction Starts in December Climb 5%; Annual Total for 2009 Drops 26% to \$412 Billion." *McGraw-Hill Construction*, 22 Jan. 2010.
4. Clifford, Catherine. "Small Business Loans: \$10 Billion Evaporates." *CNNMoney.com*, 16 Nov. 2009. <money.cnn.com/2009/11/16/small_business/small_business_loans_evaporate>.

IV. Small Business Survival

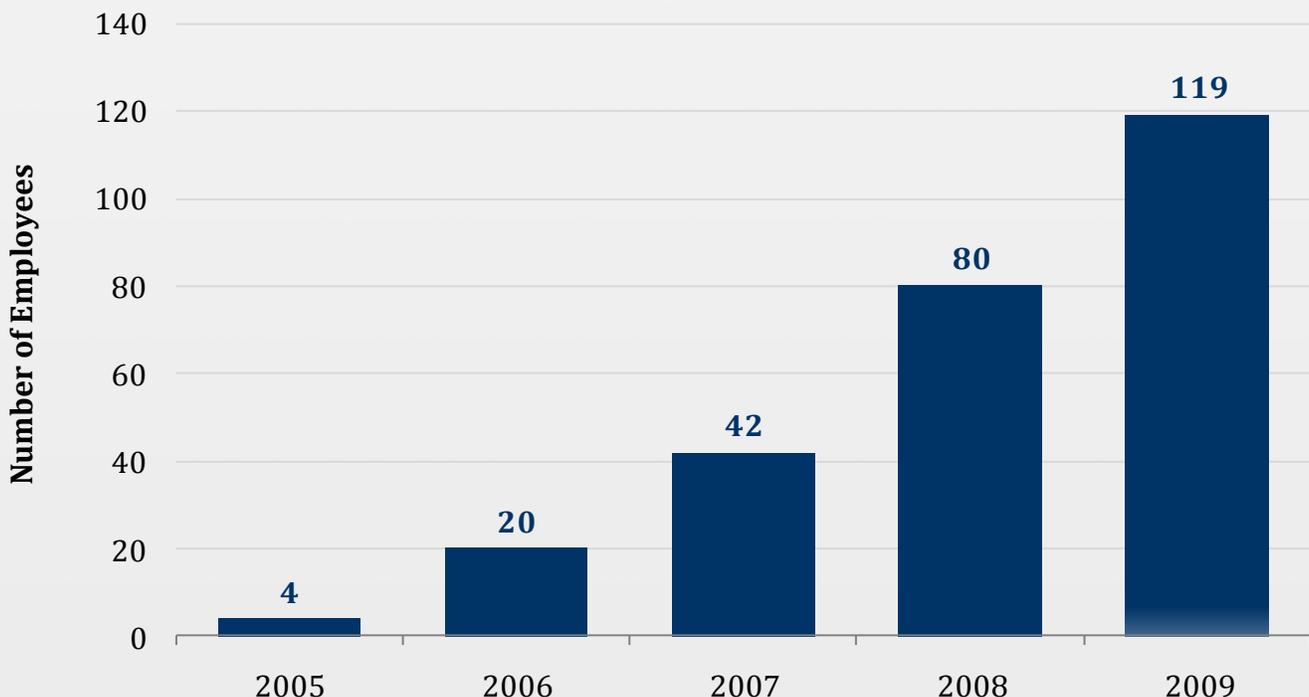
'09 Recession and Struggles

The recession of 2009 was one of the worst in American history. More than 2.6 million Americans plummeted beneath the poverty line and the number of individuals without health insurance increased to 46.3 million.⁵ Employing nearly half the nation's work force and representing 99.7% of all employer firms, small businesses suffered the greatest number of losses. Small businesses in 2009 cut over 2,000,000 jobs, which was approximately 40% of the total unemployment in the United States.⁶ However, by creatively dealing with these obstacles and not reacting to the steadily declining economy, Dennis Corporation reported its most successful year-to-date.

How Dennis Corporation Adapted, Survived, Excelled

Dennis Corporation began 2009 with an aggressively proactive strategy. To loosen the grip of the oppressive economy, our company rapidly instituted several internal cost-cutting procedures. The company also instituted a salary freeze to ensure that Dennis Corporation could continue to quickly and efficiently deliver high quality products to clients at fair prices. As a testament to our stability, Dennis Corporation laid off no employees and, instead, hired 39 new employees in 2009 and opened offices in Lexington and Mount Pleasant, South Carolina. Despite less than 2% of the firm's total revenue being generated from private clients and the virtual elimination of all private construction, Dennis Corporation was able to diversify by expanding into five additional business sectors.

Total Dennis Corporation Employees Per Year



5. Pizzi, Richard. "Number of People Without Health Insurance Rises." *Healthcare Finance News*. Sept. 2009.

6. Small Business Administration FAQ Sheet. <www.sba.gov/advo/stats/sbfaq.pdf>.

V. Strategic Importance of Diversification

Diversification of Services

Diversification is key to Dennis Corporation's growth and stability strategy. By not putting all of our "eggs in one basket," Dennis Corporation is able to move employees from lagging business sectors for projects into more robust divisions. When a cash-strapped banking industry stopped granting loans to developers, the civil infrastructure and traffic engineering businesses reported decreases in revenue. However, instead of downsizing, the employees working in those particular divisions shifted gears and began working for other divisions. By encouraging teamwork within the firm, Dennis Corporation's employees interact and communicate at an unprecedented level. By eliminating typical corporate bureaucracy, divisions avoid the petty conflicts of "red tape" and benefit by sharing the valuable resources and expertise of each employee. Through its employees working alongside one another, Dennis Corporation takes pride in being able to guarantee that clients are receiving the best quality product with the most efficient use of their time and materials. To further deliver superior results and offer only the most well-rounded employees, Dennis Corporation creates a culture of learning and development. Individuals throughout the firm experience the project process from every angle, fostering a common understanding. Engineers spend time in the field observing the construction of the bridge they designed, while the field crews participate in the design process in the office. This process ensures that each employee fully understands the project delivery method and provides the best work product in his or her discipline. Dennis Corporation also takes pride in our commitment to hiring only the finest, most hardworking employees who possess an informed common sense approach, regardless of formal education levels. We assign a large portion of our budget to the training and professional development of everyone bearing the Dennis Corporation name.

“Don't tell people how to do things; tell them what to do, and let them surprise you with their results.”

- General George S. Patton

New Markets Emerge from Established Divisions

Dennis Corporation continually searches for new growth markets, eager for opportunities to better serve our clients. We have experienced continuous success when existing divisions identify a viable leader or business, broadening our business portfolio. At Dennis Corporation, managers and employees are encouraged to provide input and are empowered to make decisions for the company as a whole. We actively listen to what our employees are saying, knowing that they alone are responsible for our success. Dennis Corporation understands that by diversifying our work portfolio, we can weather even the harshest economic climate while still providing superior service.



Rendering of the U.S.S. Clamagore Being Positioned on Land at Patriots Point

One example of Dennis Corporation diversifying into new markets was our work with the U.S.S. Clamagore at Patriots Point Naval and Maritime Museum in Mount Pleasant, SC. Designated a National Historic Landmark, the U.S.S. Clamagore is the only surviving GUPPY type III submarine in the United States. This project was a perfect example of how our Special Projects Division provided solutions to extremely complex engineering problems. The Special Projects Division built a team of structural, civil, and geotechnical engineers to develop a proprietary method to successfully move, lift, and place on shore, a 2,000-ton submarine. With surveyors, construction managers and environmental scientists, this project used the expertise of almost every division within Dennis Corporation, bringing praise and accolades from maritime engineering experts.

Why We Succeed

Dennis Corporation is in the business of solving problems. We are committed to delivering solutions quickly with less expense to the client, while consistently creating simple solutions to even the most complex problems. Our employees are fiercely dedicated to excellence and innovation, producing award-winning results that span the entire company. By keeping abreast of the most efficient and advanced equipment and software available and developing a thorough understanding of engineering principles, Dennis Corporation takes pride in exceeding client expectations. From community honors and distinctions to nationally recognized awards, Dennis Corporation values its superior work force and recognizes the significance of each individual.

Awards Received in 2009

Pinnacle Award: Dennis Corporation is the first and only engineering firm to have the distinct honor of receiving the Carolinas Chapter of Associated General Contractors (AGC) Pinnacle Award in the Best Supplier and Service Company category, which is traditionally awarded to general contractors. Two distinctions that contributed to winning the award are Dennis Corporation's internship program and its commitment to safety. As a member of the Carolinas AGC for three years, Dennis Corporation was thrilled to accept the award. We dedicate it to the individuals "in the trenches" whose unparalleled efforts and devotion make our success possible.

“Dennis Corporation is extremely customer-oriented; their fast growth is a result of the quality of their work.”

- Excerpt from Carolinas AGC Pinnacle Award judging materials

South Carolina Chamber Award: Dennis Corporation was honored to be recognized as the Fifth Fastest Growing Firm in South Carolina by The Capital Corporation and the South Carolina Chamber of Commerce. Companies are rigorously evaluated on multiple criteria, including increased gross revenue and employment. Over 90 businesses applied but only 25 were chosen to be recognized as "the top-performing companies that have helped the state's economy."

Top Specialty Contractors: *Southeast Construction* magazine named Dennis Corporation one of the 200 Top Specialty Contractors in the Southeast. Companies were chosen based on revenue generated from projects in Florida, Georgia, North Carolina, and South Carolina. Dennis Corporation's earnings also placed it in the Top 40 Specialty Contractors in South Carolina. We attribute our success to our honest, loyal, and highly certified staff as well as the internal support amongst the Corporation's divisions.

Below: Dennis Corporation Employees at the Pinnacle Award Ceremony, at The Breakers in Palm Beach, FL.



VII. Giving Back

In everything we do, Dennis Corporation strives to give back to the communities who make our success possible. Through donating our time, resources, and funds to worthy causes, we aim to meet the needs of the communities in which we work. Dennis Corporation employees are encouraged to share their philanthropic efforts with the entire company, and we are proud to support many charitable endeavors. Since our 2005 inception, our commitment to helping others has remained paramount to Dennis Corporation's beliefs. This assures clients that we are more than just our work; we're a community.

Harvey's Story

In early 2009, Dennis Corporation had the honor of meeting Sergeant Major Harvey Parks, USMC (Ret.) at the Columbia, South Carolina Celebration of Liberty. As a 32 year veteran of the United States Marine Corps and a World War II, Korean War and Vietnam War Veteran, Sgt. Maj. Parks impressed Dennis Corporation with his distinguished record and dedication to protecting the freedom of the United States. Dennis Corporation exchanged contact information and, shortly after, welcomed him to our team.

Bringing unparalleled expertise and knowledge to the corporation, Sgt. Maj. Parks modestly assumed his role and garnered admiration throughout the company. Having never seen the World War II memorial in Washington, DC, Sgt. Maj. Parks spoke optimistically about seeing the monument. The employees of Dennis Corporation decided to honor the veteran by raising enough money to personally finance the trip. After two days, the company collected a staggering \$1,800 in donations and presented Sgt. Maj. Parks with the funds for the trip.



Sgt. Maj. Harvey Parks USMC (Ret.) Accepts Funds for a Trip to Washington, DC from Dennis Corporation Employees



Sgt. Maj. Harvey Parks USMC (Ret.) on His Trip to Washington, DC

this genuine American hero. As an ordinary man who did extraordinary things, Sgt. Maj. Parks has helped us explore the depth of what we can accomplish as a company.

Dennis Corporation is also heavily involved in helping organizations throughout South Carolina that are dedicated to positive change and development of its citizens in the communities in which we live and work.

On November 10, the Marine Corps' birthday, Sgt. Maj. Parks was escorted by Dennis Corporation's President to Marine Corps Base Quantico. The next day, they traveled to Washington, DC to celebrate Veterans' Day. Striking in full marine regalia, Sgt. Maj. Parks captured the attention of civilians and veterans alike. People flocked to him at the World War II Memorial, taking pictures, admiring his medals, and shaking his hand. Sgt. Maj. Parks also visited the Korean War Memorial and the Vietnam Memorial. Dennis Corporation updated Columbia television station WIS on every step of the journey. Marines were honored to hear of his story and his presence evoked awe, respect, and pride to those who met him.

Dennis Corporation was humbled and privileged to make the journey possible for

“Dedicated community partners like Dennis Corporation make it possible for us to provide the life changing experience of parent-to-parent support to nearly 3,000 new families annually.”

- Jackie Richards
Executive Director,
Family Connection
of South Carolina, Inc.

Some of our other notable philanthropic efforts include:

Family Connection of South Carolina, Inc.

Dennis Corporation is a proud sponsor of Family Connection of South Carolina, Inc., a non-profit organization committed to strengthening “families of children with special needs through parent support.” The organization offers programs for parents, children, and siblings, providing valuable information and critical support systems. Unfortunately, the difficult economic climate of 2009 affected non-profits in every capacity, forcing downsizing and program cuts. When Dennis Corporation learned of Family

Connection’s struggles, we offered our services to ensure that families still received the organization’s crucial help. Employees volunteered their time at functions, generated cost-saving strategies, and pledged money to assure the program could achieve its goal of helping “every child with special needs reach their full potential.”

Columbia Empowerment Zone

In 2009, Dennis Corporation saw an opportunity to reciprocate the support offered to us by the South Carolina Empowerment Zone. When the City of Columbia saw the benefits created by the zone, it decided to create a similar program to replicate the federal program. However, with declining federal assistance, the newly formed CEZ, Inc. maintains a very limited budget. To assist, Dennis Corporation’s marketing department donated time and services to create a new logo, update graphics, and redesign the CEZ, Inc.’s image. In addition, Dennis Corporation has lent our expertise in leadership to the Columbia Empowerment Zone’s Board of Directors.

Fairfield County Special Needs and Disability Board

Providing necessary services to children and adults with special needs, the Fairfield County Special Needs and Disability Board is a vital state and local agency. Using a “person-centered” approach, the board offers residential services, community training homes, outreach clinics, and vocational training among its many programs. However, in 2009, the Board was affected by budget constraints and needed assistance. Dennis Corporation recognized the critically underfunded agency and knew how essential the facility was to the well-being of special needs individuals. To raise funds, the company made a major financial donation, sponsored a golf tournament and also donated construction management and engineering services for an 11,000 square foot facility.



Rendering of Fairfield County Special Needs and Disability Board Building

Other Philanthropy

Dennis Corporation firmly believes that being a successful company extends far beyond the four walls of an office building. By pursuing these ideals, employees understand the importance of giving to the community and enjoy participating in projects together, like Adopt-a-Highway. Once a quarter, employees meet early in the morning and clean up litter along Clemson Road. Contributions like these foster teamwork, create a more satisfying work experience, and make Dennis Corporation the well-rounded and prosperous company it is today.

VIII. Diversification Among the Work Force

Definition of Diversity

Dennis Corporation broadly views diversification beyond ethnicity and gender; it's the quality of having a work force comprised of different personalities, opinions, and life experiences. With a diverse employee base, we strongly value each individual's viewpoint as part of our global perspective.

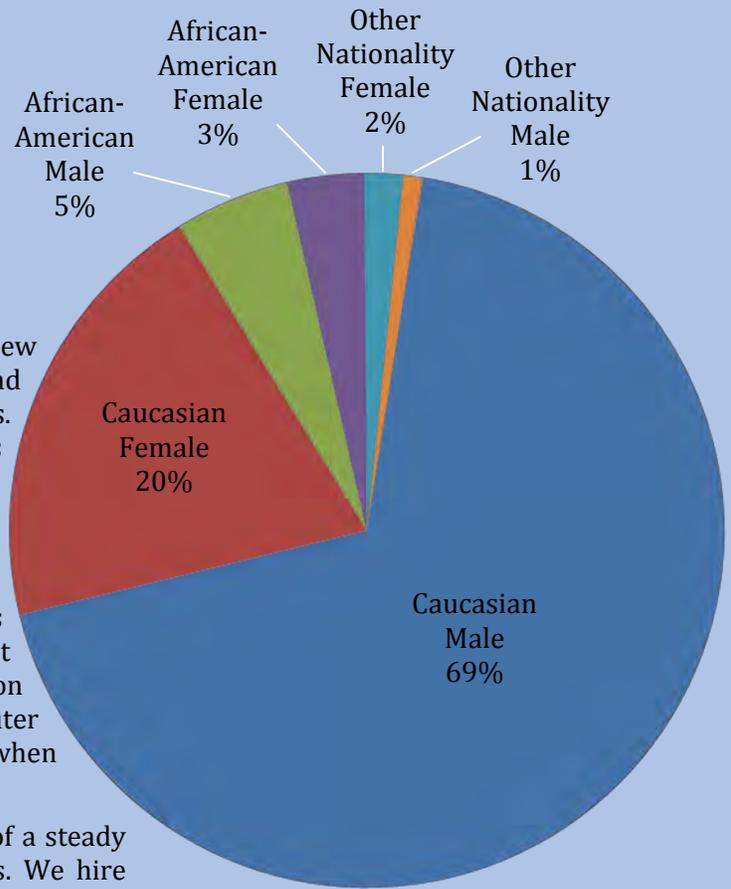
How We Achieve Diversity - Our Story

Dennis Corporation is committed to expanding our view of the world beyond our local neighborhoods, cities and counties and adapting to the developing world around us. By hiring a diverse work force, we ensure that our ideas never grow stale and that we learn invaluable lessons from one another. Inside our offices, high school and college interns work alongside seasoned industry veterans and management includes several female leaders. Throughout Dennis Corporation, our employees are interacting, growing, and striving to become the best in their profession. From individuals working on construction sites to the employees sitting behind computer monitors, we take every opinion into consideration when shaping future decisions for our company.

Employees at Dennis Corporation can be confident of a steady progression up the ranks without hidden glass ceilings. We hire individuals based on their demonstration of leadership abilities and business savvy, regardless of formal education and background. In an industry composed of less than 19% women, Dennis Corporation encourages and develops female potential by placing women in management positions and taking advantage of professional development conferences. Also, Dennis Corporation has consistently partnered with federally recognized historically black colleges to encourage engineering internship and employment opportunities among young African Americans. The difference in age among our work force offers

the benefit of tested experience of our senior employees as well as the advanced technological knowledge of our younger employees.

With over 40 years experience, Danny Ballentine, PLS, has seen the evolution of the engineering, surveying and construction management industry. An employee of Dennis Corporation since its inception, he has given back to the staff by offering his guidance and skills in the field. "I think my experience has helped younger employees better understand the workings of the industry." Danny, a registered professional land surveyor, worked for the SCDOT for 41 years and, since joining Dennis Corporation, has lent his seasoned professionalism to the successful completion of countless projects. Dennis Corporation is proud to encourage the blending of traditional methods and new innovation to guarantee the most efficient and comprehensive solutions.



Work Force Diversity



Dennis Corporation Employees with Janice Tuchman, Engineering News Record Editor-in-Chief, and Kristine Young, AGC of America Executive Vice President at the Groundbreaking Women in Construction Conference in New York, NY

Why We Value Diversity

Dennis Corporation makes a conscious effort to hire a diverse work force to establish a well-rounded workplace. We realize that we live in an increasingly global economy and must work with national and international companies to better serve our clients. In order to provide a quality-assured, competitive product, we rely on the unique qualities and perspectives offered by our employees. By choosing employees from all walks of life, Dennis Corporation has a storehouse of knowledge and experience. This wealth of knowledge ensures an edge over our competitors who continue to offer the same solution for each problem, blocking the evolution of ideas. At Dennis Corporation, collaborative innovation and creativity promise the advancement of our clients' success with each completed project.

How We Promote Diversity

Through the creation of internship and minority programs, Dennis Corporation garners diversity among our staff and offers equal opportunities to interested individuals. Our internship program provides high school and college students with on-the-job training and constant interaction with accomplished experts in their field. Dennis Corporation regularly attends career fairs, recruiting students and creating interest in the engineering field. Through partnerships with historically black colleges, we value equal opportunity and encourage entrance into our industry. Once the company selects an intern, they are placed with a mentor who guides them through a training phase. This individual answers questions and helps them decide whether an engineering career is what they are seeking. We teach lessons that could never take place in a classroom, and our interns leave our company as qualified, experienced professionals.

Mark Matthews, a student at Benedict College, has been an intern with Dennis Corporation for over a year. "My internship has given me a great opportunity to put to use everything I've learned in the classroom and enhance it." Mark, a football player and double-major in finance and accounting, feels that working at Dennis Corporation will help him navigate the corporate world. "Before my internship, I was planning to work in investment banking, but by spending time in the accounting department, I realize that accounting is what I really want to do." The busy college student stays well-rounded by managing work, classes, and sports through time-management and a strict schedule. He also attributes his success to the fact that Dennis Corporation treats all employees equally, regardless of their position in the company. "Interns and executives are all granted the same consideration; it makes employees want to do the best work possible for the company." Through his time with the corporation, he feels he has gained invaluable work experience in the best environment. "Dennis Corporation is just an inviting place. It's a great place to work, and I really feel at home."

"There are many mutual advantages to the partnership that Benedict College has shared with Dennis Corporation. As we look to a bright and productive future, we look forward to new endeavors with Dennis Corporation."

- Vareva Harris, Interim Associate Vice President
Governmental Program and Community Relations, Benedict College

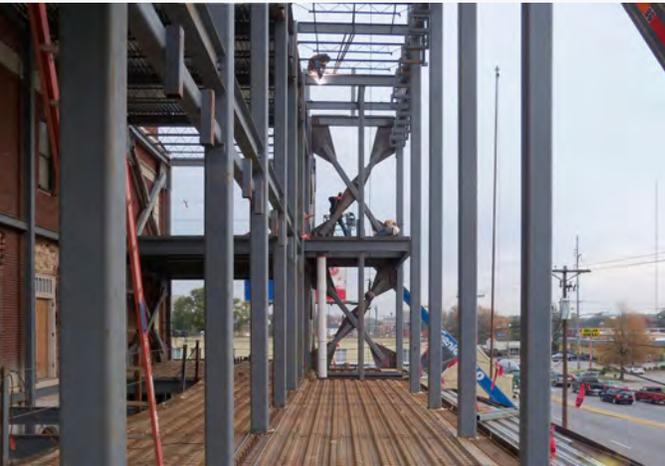


Senior Inspector, Danny Ballentine, Reviewing Project Notes with Nate Burriss, Inspector



Beth Fleming, Controller, Working with Mark Matthews, Accounting Intern

IX. New Divisions



**Township Auditorium Renovation
Construction Management**



**Gills Creek Stream Delineation in
Forest Acres, SC**



**Geotechnical Division Manager, Robert Price
Performing Dynamic Cone Penetrometer Testing**

In 2009, Dennis Corporation expanded its business portfolio, entering into five new business sectors. To better serve our clients, we now offer:

Building Construction Management: Dennis Corporation acts as an advocate for our client, representing them in all aspects of the construction process with confidence. We have a pristine track record of efficiently controlling time, cost and quality of a client's building construction program. Our qualified and experienced personnel serve as construction managers, not general contractors, ensuring no possible conflict of interest. Dennis Corporation's experience includes new building construction, construction renovations, and historic renovations.

Environmental Services: Dennis Corporation recognizes the importance of the rich natural and cultural resources in the Southeast and is committed to their protection. Through experience, teamwork, and innovation, we are comfortable providing environmental services for state Departments of Transportation, the Department of Defense, local cities and counties, and private land owners. Our staff is trained in many areas, able to assess a host of environmental concerns such as wetlands, mitigation, water quality, air quality, environmental justice compliance, threatened/endangered species, vegetation mapping and noise impacts.

Geotechnical Engineering Services: Dennis Corporation realizes the importance of a strong foundation, and construction projects are no different. Dennis Corporation has expanded its engineering consulting services to provide the geotechnical recommendations necessary to start a project from the ground up. Dennis Corporation's experienced staff includes professional engineers and certified inspectors that can provide subsurface explorations, field testing and knowledge essential for project site development, evaluation of shallow and deep foundation design alternatives, and pavement design recommendations. Dennis Corporation staff also has the experience necessary to investigate settlement and failures to structural/pavement systems, retaining wall failures, slope stability analysis, and vibration studies.

Structural and Industrial Services: Dennis Corporation is experienced in welding program development and implementation. This includes creating Welding Procedure Specifications and Procedure Qualification Records, training and certifying welders, and creating support to ensure quality welding is being performed. Our staff can work with manufacturers and suppliers to ensure the program that is provided is the most efficient and economical for the project. We also provide QC and QA program development and implementation. This includes the full development of QC

procedures and QA procedures. The training, documentation and support to ensure our clients' QA needs are met are also available to our clients. Our staff is experienced and knowledgeable in how to help fabricators and erectors become AISC certified. This includes structural steel building construction, simple and major bridge construction, and NQA-1 program development.

Water Resources: Dennis Corporation engineers have extensive experience in water resources projects and can provide services to help accomplish any hydrology and hydraulic needs. Water Resources projects range from small two-lane roadway drainage design to 50,000-acre watershed studies. All projects are managed within strict schedules to provide superior products that meet client expectations.

In-House Capabilities

The addition of these five new divisions allows Dennis Corporation to better serve clients with a complete range of services, all available in-house. From concept to completion, our clients do not have to look further than Dennis Corporation for the services they require on their projects. Often, our clients find that with our in-house services, projects are completed quicker and at a lower cost because our project personnel are closely working together on a daily basis. Dennis Corporation's range of services includes:

- **Aviation Engineering**
- **Bridge Design**
- **Civil Infrastructure**
 - **Land Planning & Site Design**
 - **Water & Wastewater Infrastructure Design**
- **Construction Inspection**
- **Construction Management (Heavy Civil)**
- **Construction Management (Building)**
- **Drainage Design**
- **Environmental Services**
- **Expert Witness**
- **Geotechnical Engineering**
- **Intelligent Transportation Systems**
- **Material Testing**
- **Program Management**
- **Special Inspections**
- **Structural and Industrial**
 - **QC/QA/Nondestructive Testing**
- **Surveying**
- **Traffic Engineering**
- **Transportation Engineering**
- **Water Resources**



World Trade Center Tower 4 Steel Inspections Performed by Dennis Corporation



Right: Inspection of Little Jackson Creek Restoration Project After a Winter Freeze

X. Office Locations

Despite most small businesses suffering downsizing and significant cutbacks in 2009, Dennis Corporation strategically opened two more office locations. To better serve our clients' needs, we constructed or renovated state-of-the-art facilities for our employees in Lexington, South Carolina and Mount Pleasant, South Carolina.



**Corporate
Headquarters,
Columbia, SC**



**Bluffton, SC
Office**



**Chester, SC
Office**



**Hurricane, WV
Office**



**Lexington, SC
Office**



**Mount Pleasant, SC
Office**



**Ridgeland, SC
Office**



**Winnsboro, SC
Office**

XI. Company Resources

Dennis Corporation not only has the people and resources necessary to excel in our industries, but we also offer the safest and most technologically advanced equipment available. Our company boasts a key logistics center of vehicles, work boats, survey equipment, computers, printers, plotters and material testing equipment. Along with our extensive staff resources and expertise, we own every piece of our equipment.

Dedicated to the premise of “Built in America,” Dennis Corporation’s vehicle fleet consists of 75 Ford 4-wheel drive vehicles to safely deliver superior services in even the most rugged environments. All of our surveying equipment is manufactured by Trimble, providing more accuracy, faster operating speeds, and less downtime. To better equip our employees, each office staff member has a personal computer, and each employee assigned to the field is given a laptop and an AirCard. Dennis Corporation supplies a total of 75 desktop computers, 72 laptops, and 8 Dell PowerEdge Servers. Our employees are given the latest BlackBerry phones with full e-mail, camera, voice, texting and internet capabilities. Dennis Corporation understands the importance of staying connected and communicating, regardless of location.

By proudly offering top-quality equipment to both our clients and employees, Dennis Corporation safely provides consistent and effective solutions quickly.



Right: Dennis Corporation’s Fleet of Company Vehicles

XII. Financials

In spite of conducting business in one of the most depressed economies our Country has endured, Dennis Corporation was able to bill almost \$8 million in revenue and report its best year-to-date. Through our commitment to innovation, community, and simple hard work, Dennis Corporation succeeded during our economy's darkest hour.

Annual Revenue by Year



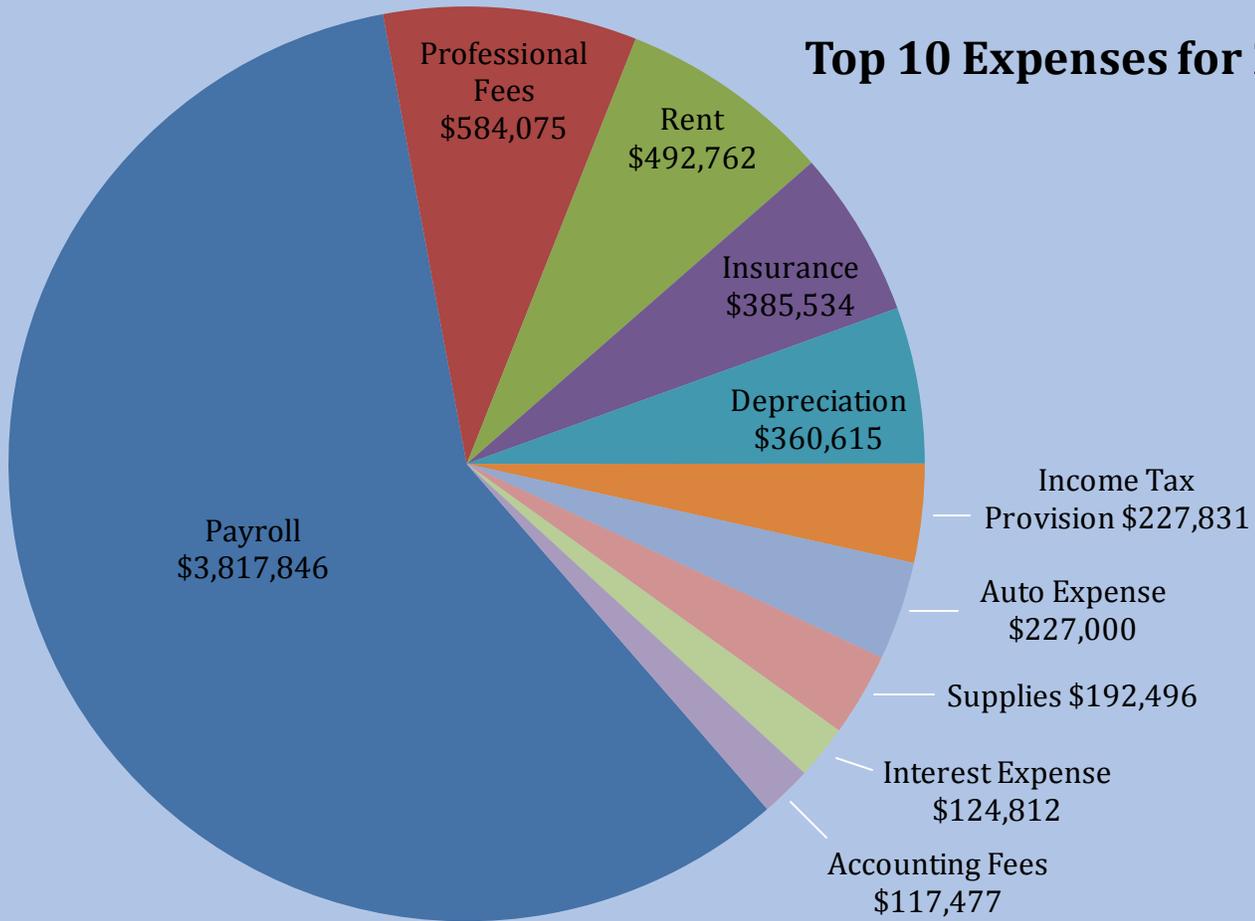
Federal Audited Overhead Rates by Year



Retained Earnings by Year



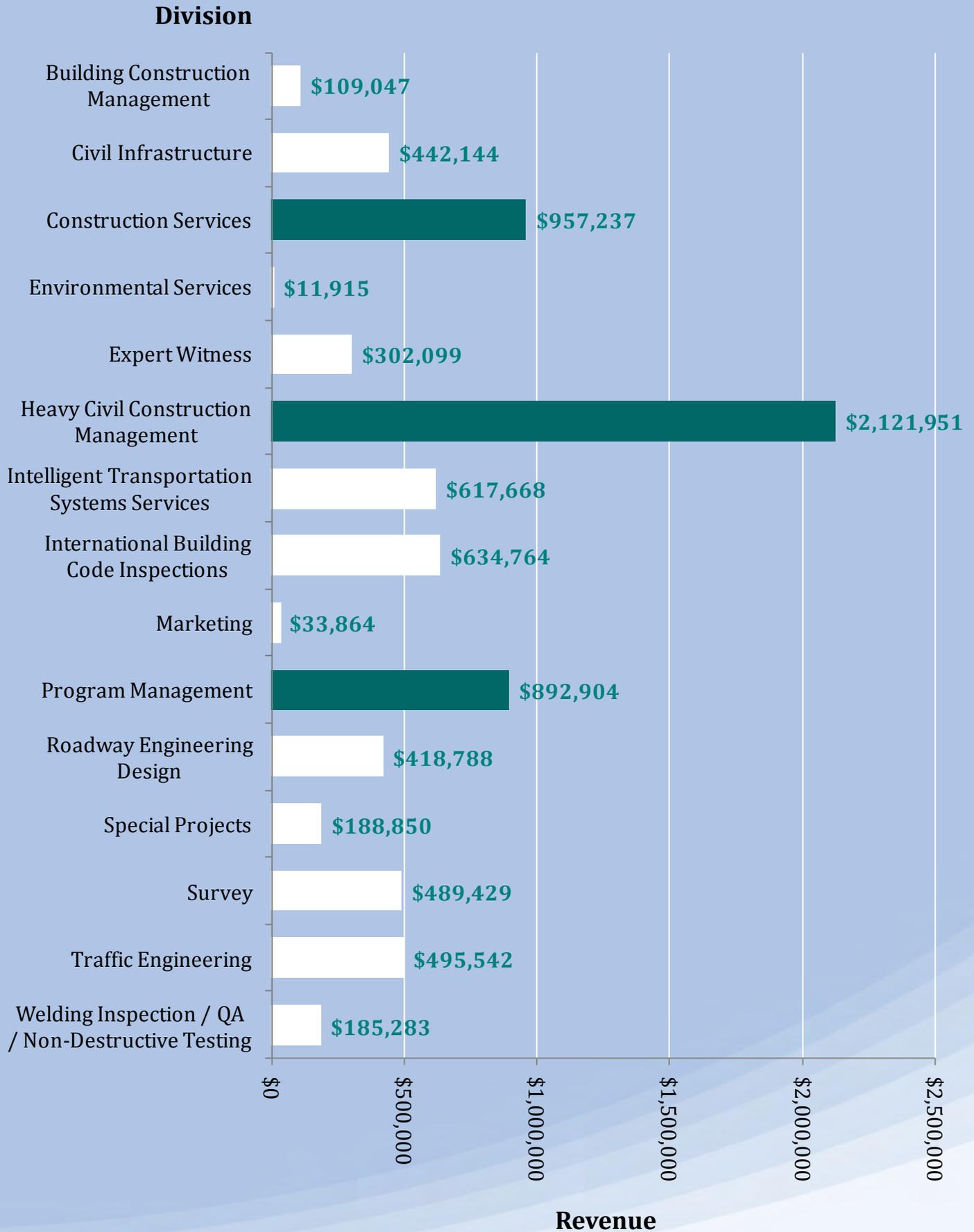
Top 10 Expenses for 2009



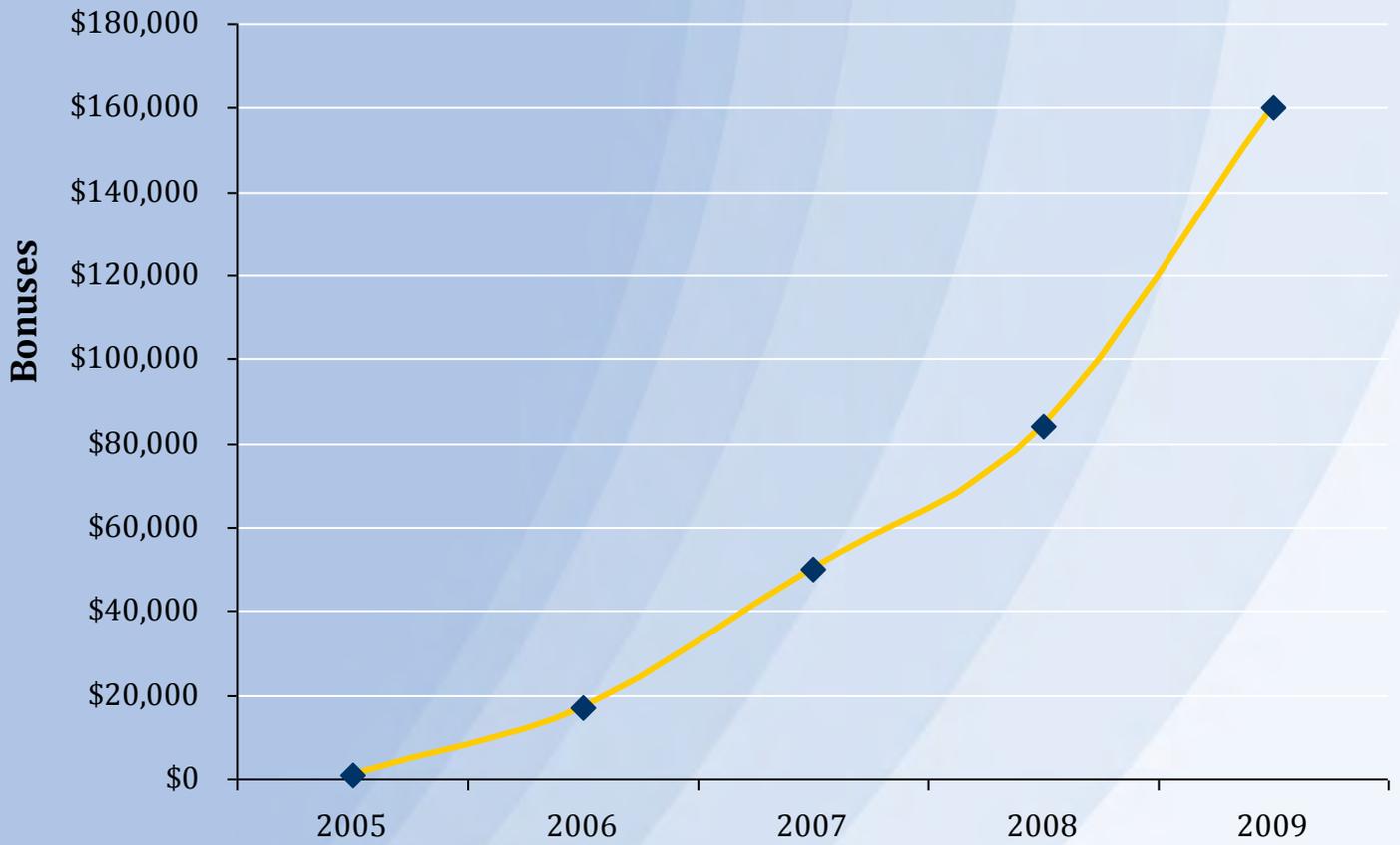
Profitability by Percent



Revenue by Division in 2009



Employee Bonus Distribution by Year



Below: Paving on the SC 802 (Savannah Highway) Widening Project in Beaufort County



“Coming Together is a Beginning...
Keeping Together is Progress...
Working Together is a Success.
Thank you for your partnership.”

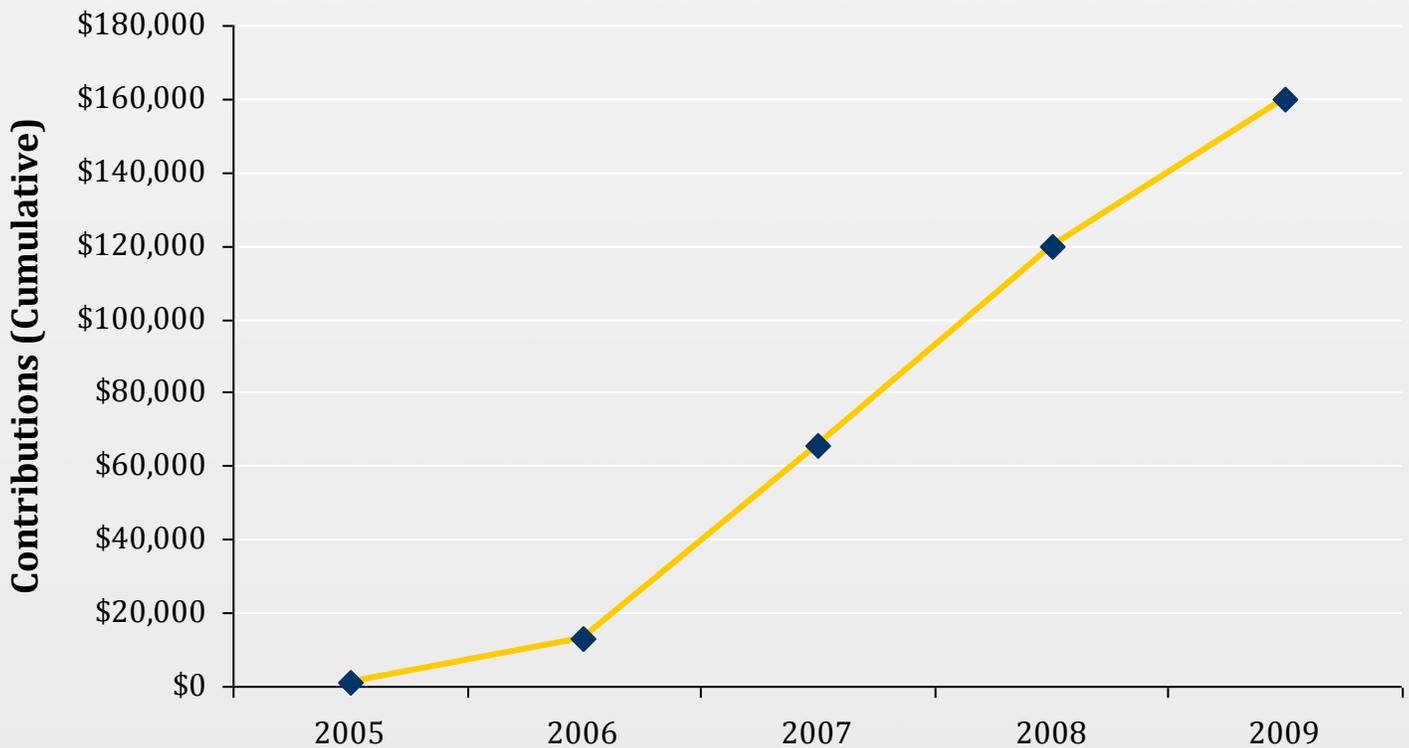
- Corporate Sponsor of the Year Award
City of Columbia Parks and Recreation
Department



Dennis Corporation’s Corporate Sponsor of the Year Award from the City of Columbia Parks & Recreation Department

Giving Back to Our Community

\$159,680 - Contributions to Date



Dennis Corporation has Donated to Over 100 Charities and Non-Profit Organizations

KEY EMPLOYEE STOCK PLAN

Just another example
of how we're
Leaders Not Followers.

Dennis Corporation is proud to announce our
Key Employee Stock Plan.

This Program is just another way that Dennis Corporation is setting new standards for the Engineering, Surveying and Construction Management Industries while **confronting "business as usual"** set forth by so many other firms.

As we roll out our **Key Employee Stock Plan**, Dennis Corporation is proving yet again that we are **leaders and not followers**. By granting key employees the opportunity to own a considerable portion of the company, Dennis Corporation is demonstrating its commitment to correlating one's performance with ownership in the company. **We are building a future not just for our firm, but for the employees who have brought us where we are today.**

MEMORANDUM

TO: Dennis Corporation
FROM: Erik P. Doerring
DATE: June 1, 2010
RE: Key Employee Stock Ownership Plan

Erik P. Doerring
edoerring@mcnair.net
T (803) 799-9800
F (803) 753-3277

Dennis Corporation (“Corporation”) wishes to consider adoption of a stock ownership plan to provide key employees with the opportunity to purchase an equity interest in the Corporation. This memorandum discusses legal and tax issues associated with the adoption and implementation of such a Plan, including the required documents to implement if approved.

Key Employee Stock Plan

A stock plan for the Corporation will provide a decision maker (typically the principal shareholder or the Corporation’s Board of Directors) with the authority to annually select employees of the Corporation that will be permitted to purchase shares of stock. A selected employee will then have the right to purchase a stated number of shares of stock in the Corporation for a set time period (e.g. 120 days from the date the employee is notified that the shares are available for purchase).

In a closely held business such as the Corporation, the shares of stock available for purchase by employees under a stock plan may be nonvoting shares in order to avoid altering the governance of the Corporation. Thus, the Corporation may have two classes of stock, voting common – its existing shares (Class A) – and a second class of stock for the key employees under the plan which would be nonvoting common (Class B). The voting and nonvoting common could have similar rights, except the right to vote and certain other specified differences, if any. The Corporation’s articles of incorporation and other corporate documents will need to be amended to authorize the second class and its different features.

The Corporation will need to determine the number of shares of stock that it wishes to set aside under the stock plan for the employee stock. The Corporation has 100,000 authorized shares of voting common stock of which 87,666 have been issued. Amendments will

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The Tower at 1301 Gervais
1301 Gervais St., 17th Floor
Columbia, SC 29201

Mailing Address
Post Office Box 11390
Columbia, SC 29211

mcnair.net

need to be made to the Corporation's legal structure to authorize additional share amounts.

Since the Corporation is not publicly traded, we recommend that the purchase price to be paid by an employee for shares of stock in the Corporation be calculated by reference to a formula. The formula should be designed to approximate the fair market value of the stock. We recommend that the Corporation's certified public accountants be consulted for their recommendations as to an appropriate formula to be used (See Elliott Davis memorandum below). We recommend that the same formula be applied to both the purchase price to be paid by the employee when the stock is purchased and also when the employee sells his or her stock back to the Corporation at separation of service or as otherwise allowed under the Corporation's shareholders' agreement (to be discussed herein). By utilizing a formula for valuation purposes, the Corporation can avoid the need to obtain costly appraisals whenever shares of stock are purchased or sold.

Restrictions on the transfer of shares of stock shall be imposed. Shares of stock should not be transferable to third-parties. Instead, the employee should only be given the option of selling stock back to the Corporation. When an employee terminates employment with the Corporation, the employee should be required to sell all shares of stock back to the Corporation. We recommend that employees also be given the right to sell his or her stock back to the Corporation while still employed with the Corporation. If an employee could only sell shares of stock back to the Corporation upon termination of employment, then the stock plan may be subject to Employee Retirement Income Security Act (ERISA). It is intended that the employee stock purchase plan not be subject to ERISA, simply because of the additional costs and administrative burdens it will impose on the stock plan, the Corporation, and potentially also to the employee/participants.

Tax Consequences of Stock Plan

There should be no immediate tax consequences to either an employee or the Corporation when an employee purchases stock under a stock plan which applies a consistent formula to determine both the purchase price to be paid to an employee and the subsequent price for which the stock must be sold, provided the formula is designed to reasonably equate the fair market value of the stock.

When an employee sells stock back to the Corporation the employee will have capital gain or loss equal to the difference between the selling price and the amount paid by the employee for the stock. The Corporation is not taxed on issuance of the stock and will not be taxed when it repurchases the stock back from the employee.

We understand that employees may receive annual bonuses and that employees may utilize funds from their bonus, or from other sources, to purchase stock if an employee is selected to participate in the stock plan. The employee will be taxed on his bonus income and, if the employee uses bonus income to pay for the purchase of stock under the plan the employee will be using "after tax" dollars to pay for his or her stock under the plan.

We understand that the Corporation is presently taxed as a C corporation under the Internal Revenue Code. Such a corporation can have multiple classes of stock with different rights.

Plan Documentation and Considerations

The Corporation's articles of incorporation and bylaws will need to be amended in order to create a new class of nonvoting stock.

A plan document will need to be prepared which sets forth the general terms applicable to an employee's purchase of stock. In addition, a stock purchase agreement will need to be prepared which describes the specific terms applicable to a particular employee's purchase of stock. In order to bind the Corporation and all shareholders of the Corporation, both existing and future, restrictions on the new class of stock should also be set forth in a new shareholder agreement, including valuation and rights to sell stock and when.

After our initial discussions with management of the Corporation, the plan document will contain the following provisions:

- Number of shares of stock available for purchase under the plan:
 - We understand that the Corporation desires to authorize 100,000 new nonvoting common shares to be issued under the plan which will be equal to the number of 100,000 presently authorized voting common shares. Thus, after the plan is adopted, there will be 100,000 authorized voting shares and 100,000 nonvoting shares.
 - The exact number of nonvoting shares to be actually issued from the pool of available 100,000 nonvoting shares will be up to the person or body who awards the shares as discussed below.
- Will the stock set aside under the stock plan be voting or nonvoting?
 - Nonvoting common.
- Who makes the decision to permit an employee to purchase stock?
 - We understand that the Board of Directors (the "Board") or a committee appointed by the Board will make recommendations and these recommendations will be given to Daniel R Dennis, III who will make the final decision on who will be allowed to purchase the new nonvoting stock.

-
- Which employees will be eligible to purchase stock?
 - Existing employees and members of the Board will be eligible to purchase shares of stock. The Corporation may choose any employee or Board member as long as ERISA is not applicable to the plan.
 - How often will employees will be given the opportunity to purchase stock?
 - Annually, as determined by the Board's recommendation and final decision by Daniel R. Dennis, III.
 - How will the stock will be valued?
 - A formula developed by the Corporation's independent certified public accountants will be used which focuses on the Corporation's annual earnings (See Elliott Davis Memorandum below)
 - This valuation formula will be used consistently to determine the purchase and sale prices, for both employees and the Corporation, when stock is purchased and sold.
 - Time period within which employee must purchase shares:
 - An employee awarded the right to purchase stock under the plan shall have 120 days from notice of the award to purchase the shares.
 - Will the stock issued under the stock plan have the same rights as other stock in the Corporation?
 - The stock to be issued under the plan will not have the right to vote in any corporate matters, and will be subject to restrictions and obligations concerning its sale. The shares will also be subject to conditions obligating the employee to sell their shares in the event the voting shareholders elect to sell their stock, but also gives the employee the right to not be excluded in a sale of stock if the voting shareholders decide to sell.
 - Will an employee be required to pay an amount for stock, and, if so, how much?
 - The employee will be required to pay for the full amount of the stock from his or her own funds.

-
- How long must an employee remain employed with the Corporation to avoid forfeiting stock, if at all, or will the employee be immediately vested?
 - An employee will be immediately 100% vested in his or her stock purchased under the plan.
 - Will the stock awarded to employees be transferable?
 - Stock purchased by an employee will not be transferable, but may be re-sold back to the Corporation at any time prior to separation from employment and must be sold back to the Corporation upon separation from employment, except where the former employee is also a member of the Board.
 - What payment terms will apply when the Corporation repurchases the stock from employees?
 - When an employee sells his or her stock back to Corporation, the Corporation can elect to pay cash or can elect to repurchase the stock over time and issue a note to the employee for the balance. Some portion of the purchase price will be paid down in cash at closing with the balance to be paid in monthly installments.

Implementation

Lender approval for the plan may be required from one or more of the Corporation's lenders. We understand that management of the Corporation has contacted each of its lenders to request such approval.

The following documents will need to be approved, adopted, and signed for the stock plan to be implemented:

- Shareholder and Board resolutions;
- Stock Plan;
- Share Purchase Agreement;
- New share certificates;
- Shareholders' Agreement;
- Amendment to Articles of Incorporation; and
- Lender consents.

Additional documents may be required, depending on the issues that arise.

We will be pleased to discuss this with you further and to meet with the Board and employees to answer any questions concerning the plan.



Dennis Corporation

Independent Monitoring Procedures
for Key Employee Stock Ownership Plan
to Be Performed By Elliott Davis, LLC

June 2010

BACKGROUND

The Company is implementing a Stock Ownership Plan for its key employees to be effective for the year ended December 31, 2010. The Plan will be considered a Non-Qualified Plan and will not be subject to the Employee Retirement Income Security Act (ERISA). In connection with the administration of the Plan, the Company has engaged Elliott Davis to provide accounting services and to assist in independently monitoring compliance with the key provisions of the Plan and record-keeping of the investment transactions related to the stock sold, repurchased and maintained under the Plan. In order to maintain a position of independence, Elliott Davis will be prohibited from performing any procedures which would be the responsibility of Company management, or making any decisions on management's behalf. The actual stock records will be maintained by the Company's legal counsel in conjunction with the Company's other official corporate records.

PROCEDURES

Elliott Davis will perform the following procedures related to the Plan:

- Elliott Davis will perform the accounting for all financial transactions related to the stock and related investments of the Plan. This will include reconciling the activity to the proper recording in the Company's general ledger and agreement to actions approved by the Company Board of Directors.
- On an annual basis, in connection with the Company audit or other year-end procedures, Elliott Davis will examine any stock certificates issued during the year, and reconcile these shares to recording in the Company's general ledger, the stock records maintained by the corporate attorney and approval in the minutes of the Company's Board of Directors where stock transactions are granted and approved.
- Elliott Davis will independently determine the annual value of the shares using the prescribed stock valuation formula which will be a part of the Plan and present this value to the Company Board of Directors for approval.
- Elliott Davis will compute and tabulate the total shares authorized, issued and outstanding at the end of each year, and provide a statement to each stockholder with an accounting of the activity in their shares for the year.
- Elliott Davis will issue a letter on an annual basis outlining procedures performed related to the Plan.

DENNIS CORPORATION

REPORT ON FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Dennis Corporation
Columbia, South Carolina

We have audited the accompanying balance sheet of Dennis Corporation as of December 31, 2009, and the related statements of income, stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company has not complied with accounting principles generally accepted in the United States of America relating to variable interest entities. In our opinion, the financial statements for the Company and a related entity (Dennis Corporation Development, LLC) should be consolidated in order to conform with accounting principles generally accepted in the United State of America. Had the activities of the related entity been recorded in these financial statements, net income would have decreased by \$14,140 and stockholder's equity would have decreased by \$53,364.

In addition, the Company had a long-term lease that was treated as an operating lease rather than a capital lease as required by accounting principles generally accepted in the United States of America. If this lease had been treated as a capital lease, property and equipment and capital lease obligations on the balance sheet would have increased by \$1,701,687 as of December 31, 2009.

In our opinion, except for the effects of not consolidating Dennis Corporation Development, LLC and the effects of treating a long-term real estate lease as an operating lease rather than a capital lease, the financial statements referred to above present fairly, in all material respects, the financial position of Dennis Corporation as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2008 financial statements were compiled by us and our report thereon, dated January 26, 2009, stated we did not audit or review those financial statements and, accordingly, we express no opinion or any other form of assurance on them. However, we did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

For the 2008 financial statements, the Company did not comply with accounting principles generally accepted in the United States of America with respect to variable interest entities. In our opinion, the financial statements for the Company and a related entity (Dennis Corporation Development, LLC), 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 the 2008 financial statements, net income would have decreased by \$39,224 and stockholders' equity would have decreased by \$39,224.

Elliott Davis, LLC

Columbia, South Carolina
February 12, 2010

DENNIS CORPORATION
BALANCE SHEETS

	December 31,	
	2009	2008
		(Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 36,389	\$ 108,393
Accounts receivable, net of allowance of \$102,164	<u>2,105,359</u>	<u>1,002,025</u>
Total current assets	2,141,748	1,110,418
PROPERTY AND EQUIPMENT, net	1,539,814	1,270,555
DUE FROM RELATED PARTY	<u>20,070</u>	<u>-</u>
	<u>\$ 3,701,632</u>	<u>\$ 2,380,973</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Lines of credit	\$ 604,544	\$ 405,701
Current portion of long-term debt	371,144	204,709
Current portion of capital lease obligations	27,266	24,461
Accounts payable	454,620	255,351
Deferred income taxes	142,545	-
Due to stockholder	<u>-</u>	<u>13,904</u>
Total current liabilities	<u>1,600,119</u>	<u>904,126</u>
LONG-TERM DEBT	<u>948,290</u>	<u>867,618</u>
CAPITAL LEASE OBLIGATIONS	<u>54,458</u>	<u>63,112</u>
DEFERRED INCOME TAXES	<u>199,714</u>	<u>114,428</u>
STOCKHOLDERS' EQUITY		
Common stock (\$1.50 stated value; 100,000 shares authorized, 87,666 shares issued)	131,500	131,500
Retained earnings	<u>767,551</u>	<u>300,189</u>
Total stockholder's equity	<u>899,051</u>	<u>431,689</u>
	<u>\$ 3,701,632</u>	<u>\$ 2,380,973</u>

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

DENNIS CORPORATION
STATEMENTS OF INCOME

	For the years ended December 31,	
	2009	2008 (Unaudited)
OPERATING REVENUES	\$ 7,901,484	\$ 5,938,216
OPERATING EXPENSES		
Automobile	227,000	285,142
Bad debts	94,026	126,852
Cleaning/janitorial	5,730	4,685
Contract labor	552,583	725,874
Contributions	31,959	18,074
Depreciation	360,614	259,241
Dues and subscriptions	37,269	45,831
Gifts	16,069	6,490
Insurance	385,534	279,512
Internet	7,585	5,245
Lab testing	77,340	40,519
Leased equipment	79,925	63,394
Marketing and advertising	51,233	14,424
Meals and entertainment	61,531	65,495
Miscellaneous expenses and fees	60,164	23,043
Office supplies	81,028	74,600
Payroll	3,817,846	2,820,281
Postage and delivery	14,801	14,436
Printing and reproduction	44,424	52,034
Professional development	5,162	23,796
Professional fees	148,969	46,304
Rent	492,762	201,020
Repairs and maintenance	412	12,742
Supplies	111,468	123,048
Survey expense	(45)	8,485
Taxes and licenses	90,471	76,285
Telephone and fax	89,939	70,583
Training and certification	59,916	32,506
Travel	82,440	88,755
Utilities	8,814	6,668
Total operating expenses	7,096,969	5,615,364
Net operating revenues over expenses	804,515	322,852
OTHER INCOME (EXPENSE)		
Rental income	5,000	6,500
Interest income	2,228	1,405
Other income	11,209	18,833
Loss on disposal of fixed assets	(2,947)	-
Interest expense	(124,812)	(93,144)
Total other income (expense)	(109,322)	(66,406)
Net income before income taxes	695,193	256,446
PROVISION FOR INCOME TAXES	227,831	63,601
Net income	\$ 467,362	\$ 192,845

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

DENNIS CORPORATION
STATEMENTS OF STOCKHOLDERS' EQUITY

	<u>Common Stock</u>		<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	
Balance, January 1, 2008 (unaudited)	\$ 87,666	\$ 131,500	\$ 107,344	\$ 238,844
Net income (loss)	-	-	<u>192,845</u>	<u>192,845</u>
Balance, December 31, 2008 (unaudited)	87,666	131,500	300,189	431,689
Net income	-	-	<u>467,362</u>	<u>467,362</u>
Balance, December 31, 2009	<u>\$ 87,666</u>	<u>\$ 131,500</u>	<u>\$ 767,551</u>	<u>\$ 899,051</u>

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

DENNIS CORPORATION
STATEMENTS OF CASH FLOWS

	For the years ended	
	December 31,	
	2009	2008
		(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 467,362	\$ 192,845
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	360,614	259,241
Deferred income taxes	227,831	63,601
Changes in deferred and accrued amounts		
Accounts receivable	(1,103,335)	(352,276)
Accounts payable and accrued expenses	199,270	36,929
Net cash provided by operating activities	151,742	200,340
INVESTING ACTIVITIES		
Purchases of property and equipment	(95,472)	(500,002)
Net cash used for investing activities	(95,472)	(500,002)
FINANCING ACTIVITIES		
Payments on stockholder loan	(13,904)	(116,835)
Advances to related company	(20,070)	-
Proceeds from advances on line of credit	198,843	297,208
Principal payments on notes payable	(293,143)	(282,781)
Proceeds from new notes payable	-	492,313
Net cash provided by (used for) financing activities	(128,274)	389,905
Net change in cash and cash equivalents	(72,004)	90,243
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	108,393	18,150
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 36,389	\$ 108,393
CASH PAID DURING THE YEAR FOR		
Interest	\$ 124,812	\$ 93,144
NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment acquired through capital leases and other financing	\$ 13,340	\$ 101,176

See accountants' report 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 (the Company) 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, structural engineering, building construction management, environmental inspections, steel inspections, surveying and traffic engineering.

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

Cash and cash equivalents

For reporting of cash flows, the Company considers highly liquid 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 review of outstanding receivables, historical collection information and existing economic conditions. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. Specific receivables that are determined to be uncollectible, based on particular circumstances of the customer, are written off as bad debts once all reasonable means to collect the receivable have been exhausted.

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. For financial statement purposes, 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. The gain or loss on the disposal of property and equipment is recognized in the year of disposition. For income tax purposes, depreciation is calculated principally using accelerated methods.

Revenue recognition

Revenue on fixed fee and cost-plus contracts is recognized primarily as work progresses and as labor hours and expenses are incurred on engineering, construction management, and consulting engagements. This method is used because management considers this to be the best measure of progress on these contracts.

Changes in contract performance, contract conditions, and profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to revenue and costs, and are recognized in the year in which such revisions are determined. Provisions for estimated losses on work-in-progress, if any, are recognized in the year when such losses are determined.

For income tax purposes, the Company reports revenue and costs using the cash method, whereby revenue is recognized when collected and costs are recognized when paid.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Estimates made by management relate primarily to the recognition of revenue under long-term contracts. Under the method of accounting for contracts discussed above, amounts reported in the financial statements relating to contracts are based on estimates of the total contract amount and of the total costs to be incurred to complete the contract. Due to the nature of contracts, it is reasonably possible that the estimates included in the financial statements may change in the near term.

Advertising

The Company expenses advertising costs as they are incurred.

Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently payable plus the change during the period in deferred tax assets and liabilities. 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. Deferred taxes may also be recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Subsequent events

These financial statements have not been updated for events occurring after February 12, 2010, which is the date these financial statements were available to be issued.

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 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 the Southeast 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.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK, Continued

The Company derives a substantial portion of its gross revenues from services to certain major customers. Following is a summary of the operating revenues and accounts receivable with these customers at and for the years ended December 31, 2009 and 2008:

	<u>Operating revenues for the year ended December 31, 2009</u>			<u>Operating revenues for the year ended December 31, 2008</u>		
	<u>Amount</u>	<u>Percent of revenues</u>	<u>December 31, 2009 Accounts receivable</u>	<u>Amount</u>	<u>Percent of revenues</u>	<u>December 31, 2008 Accounts receivable</u>
Customer 1	\$2,463,700	31%	\$476,092	\$1,539,954	26%	\$301,072
Customer 2	*	* %	*	\$2,330,624	39%	\$114,637
Customer 3	\$1,045,578	13%	\$400,942	*	* %	*

* This customer did not account for more than 10% of the Company's revenue for the year or 10% of the Company's total accounts receivable balance at year-end.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$2,173,240	\$1,095,443
Accounts receivable-stockholder	\$3,683	\$2,941
Accounts receivable-related entity	\$30,600	\$5,805
Allowance for doubtful accounts	(\$102,164)	(\$102,164)
	<u>\$2,105,359</u>	<u>\$1,002,025</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Software, telephone, and office equipment	\$377,146	\$316,484
Equipment	\$287,386	\$257,294
Furniture	\$138,620	\$120,157
Vehicle fleet	\$1,570,109	\$1,049,451
	<u>\$2,373,261</u>	<u>\$1,743,386</u>
Less accumulated depreciation	\$833,447	\$472,831
	<u>\$1,539,814</u>	<u>\$1,270,555</u>

NOTE 5 - LINE OF CREDIT

The Company had a \$300,000 line of credit with a local financial institution at December 31, 2008. Borrowings on the line accrued interest at Wall Street Journal Prime (3.25% at December 31, 2008) plus 1%. The line was secured by a blanket first lien on all accounts receivable and equipment of the Company. On October 27, 2009, this line of credit was increased to \$500,000. Borrowing on this new line of credit accrues interest at prime rate or 6%, whichever is the greater. This line of credit is secured by a first lien on all accounts receivable and guaranteed by the Company's stockholder and by Dennis Corporation Development, LLC. The line of credit has a maturity date of October 27, 2010. On January, 11, 2010, the Company increased the line of credit to \$800,000. This line of credit matures on January 11, 2011. As of December 31, 2009 and 2008, the balances due on these lines of credit were \$423,519 and \$205,701, 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%, which must be paid monthly with minimum monthly principal payments of \$1,500. The line is secured by a blanket second lien on all accounts receivable of the Company and guaranteed by the Company's stockholder. This line of credit has a maturity date of June 1, 2010 and contains various covenants, including tangible net worth and a debt service coverage ratio. As of December 31, 2009 and 2008, the balance due on this line of credit was \$181,025 and \$200,000, respectively.

NOTE 6 - NOTES PAYABLE

Notes payable consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Various notes payable, secured by vehicles, interest at rates of 0% to 9.79%, due in monthly installments ranging from \$402 to \$2,328, maturing at various dates through December 2014.	\$1,079,198	\$769,246
Note payable, secured by survey equipment, interest at 6%, due in monthly installments of \$1,581, maturing June 2013.	\$59,044	\$74,501
Note payable to the Business Development Corporation, secured by a blanket third lien on certain real estate owned by the Company's stockholder and a second lien on other real estate owned by the Company's stockholder and member, guaranteed by the stockholder and by Dennis Corporation Development, LLC, interest at prime rate (3.25% at December 31, 2009) plus 2.25%, due in monthly installments of \$5,010 and maturing on May 23, 2013.	\$181,192	\$228,580
	<u>\$1,319,434</u>	<u>\$1,072,327</u>
Less current maturities	<u>\$371,144</u>	<u>\$204,709</u>
Long-term portion	<u><u>\$948,290</u></u>	<u><u>\$867,618</u></u>

NOTE 6 - NOTE PAYABLE, Continued

Maturities of notes payable in each of the five years following December 31, 2009 are as follows:

2010	\$371,144
2011	\$370,787
2012	\$322,421
2013	\$195,169
2014	\$59,913
	<hr/>
	\$1,319,434
	<hr/>

The Company is also a guarantor of three separate notes payable for Dennis Corporation Development, LLC. The amount available under these notes payable totals \$2,833,000 and these notes payable mature at various dates through December 2019. The balance of the notes payable totaled \$1,771,580 at December 31, 2009.

NOTE 7 - CAPITAL LEASES

The Company leases certain equipment under capital leases expiring at various times through 2014. The leased assets are recorded at the net present value of future minimum lease payments based on interest rates ranging from 8.16% to 17.87%. The equipment had an original cost of \$114,516 and a current net book value of \$86,591.

Future minimum lease payments for the years following December 31, 2009, are as follows:

2010	\$35,583
2011	\$30,460
2012	\$18,077
2013	\$14,560
2014	\$4,059
	<hr/>
Total minimum lease payments	\$102,739
Less amounts representing interest	<hr/>
	(\$21,015)
Present value of minimum lease payments	\$81,724
Less current portion	<hr/>
	(\$27,266)
Long-term portion	<hr/>
	\$54,458
	<hr/>

NOTE 8 - RETIREMENT PLANS

The Company has a 401(k) plan effective October 1, 2007 covering substantially all employees with no waiting period. The Company may make discretionary matching or profit sharing contributions to the plan subject to certain limitations. The Company did not make any discretionary contributions to the plan for the years ended December 31, 2009 and 2008.

NOTE 9- RELATED PARTY TRANSACTIONS

The Company had a demand note payable with a stockholder in the amount of \$13,904 at December 31, 2008, with no stated interest rate. Interest has been imputed based on the blended applicable federal rate of 4.71% for 2008. The note was repaid in 2009.

Accounts receivable at December 31, 2009 and 2008, included \$3,683 and \$2,941 due from a stockholder, respectively. In addition, accounts receivable at December 31, 2009 and 2008 also included \$30,600 and \$5,805 due from an entity owned by a stockholder, respectively. The Company recognized revenues of \$64,992 and \$33,400 relating to services provided to this stockholder and related entity for the years ending December 31, 2009 and 2008, respectively.

The Company has advanced \$20,070 as of December 31, 2009 to a company, which is owned by a stockholder. These advances are due on demand, however, management does not anticipate the advances will be repaid prior to December 31, 2010 and, accordingly, has classified the advance as a long-term asset in the accompanying balance sheet.

The Company leased office space in Ridgeland, South Carolina from a relative of the stockholder expiring April 30, 2009. Subsequent to April 30, 2009, this lease continued on a month-to-month basis. Lease payments are \$7,000 per month.

The Company also leases office space from an entity owned by a stockholder. Details regarding the method used to account for this lease and a summary of future minimum lease payments relating to the lease are presented in Note 10.

NOTE 10 - LEASES

The Company has entered into various operating leases for office space and equipment, including some with related parties (see Note 9.) These leases expire at various times through October 2014.

Future minimum lease commitments under non-cancelable operating leases for equipment, with remaining terms greater than one year at December 31, 2009 are as follows:

2010	\$114,544
2011	\$118,214
2012	\$97,885
2013	\$31,375
2014	\$32,238
	<hr/>
	\$394,256
	<hr/> <hr/>

NOTE 10 - LEASES, Continued

The Company also has a long-term lease with a related company for office space. In accordance with accounting principles generally accepted in the United States of America, a portion of this lease should be treated as a capital lease. However, the Company has elected to treat the entire lease as an operating lease rather than as a capital lease. If a portion of this lease had been treated as a capital lease, property and equipment and capital lease obligations on the balance sheet would have increased by \$1,701,687 as of December 31, 2009. The future minimum lease commitments for this entire lease at December 31, 2009 are as follows:

2010	\$264,000
2011	\$264,000
2012	\$264,000
2013	\$264,000
2014	\$264,000
2015 and thereafter	\$3,960,000
	<u>\$5,280,000</u>

NOTE 11 - INCOME TAXES

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

	<u>2009</u>	<u>2008</u>
Current income tax expense	-	-
Benefit due to federal empowerment zone credit carryover	(\$10,512)	(\$10,640)
Benefit due to South Carolina new jobs credit carryover, net	(\$49,500)	(\$31,620)
Deferred income tax expense	\$287,843	\$105,861
	<u>\$227,831</u>	<u>\$63,601</u>

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 at December 31:

	<u>2009</u>	<u>2008</u>
Deferred tax (assets) liabilities applicable to:		
Depreciation	\$325,559	\$192,040
Net operating loss and contribution carryforwards	(426,518)	(311,745)
Accrued items	\$569,063	\$299,966
Deferred tax liability before credits	\$468,104	\$180,261
Federal empowerment zone credits	(\$38,725)	(\$28,213)
South Carolina new jobs credit, net	(\$87,120)	(\$37,620)
Deferred tax liability	<u>\$342,259</u>	<u>\$114,428</u>

NOTE 11 - INCOME TAXES, Continued

The deferred tax amounts presented above have been classified on the accompanying balance sheets as of December 31 as follows:

	<u>2009</u>	<u>2008</u>
Current liability	\$142,545	-
Long-term liability	\$199,714	\$114,428
	<u><u>\$342,259</u></u>	<u><u>\$114,428</u></u>

The Company has federal and state net operating loss carryforwards totaling \$1,172,602 and \$843,425 at December 31, 2009, respectively. These net operating loss carryforwards expire on various dates through 2029. The Company also has federal and state tax credits at December 31, 2009 totaling \$38,725 and \$132,000, respectively. The federal credits will expire in 2029 and the state credits will expire in 2024.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the final disposition or settlement of such matters will not have a material adverse effect on the Company's financial position or results of operations.

NOTE 13 - GAAP DEPARTURE OF CONSOLIDATION OF VARIABLE INTEREST ENTITIES

A Company stockholder owns one-hundred percent of an entity, which is considered to be a variable interest entity, which leases real property to the Company as described in Note 10. In addition, the Company serves as a guarantor and certain of its assets are pledged as collateral for bank debt owed by the entity, as described in Note 6. The variable interests in this entity relates to the stockholder's investment and guarantees associated with notes payable of the entity.

The Company has not consolidated the entity in the accompanying financial statements are required by 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 approximately \$14,140 and stockholder's equity would have decreased by approximately \$53,364. Summary information of Dennis Corporation Development, LLC at December 31, 2009 and 2008, and for the years then ended are presented below:

	<u>2009</u>	<u>2008</u>
Assets	\$2,808,998	\$1,595,276
Liabilities	\$2,862,362	\$1,634,500
Member's equity (deficit)	<u><u>(\$53,364)</u></u>	<u><u>(\$39,224)</u></u>
Net loss	<u><u>(\$14,140)</u></u>	<u><u>(\$39,224)</u></u>

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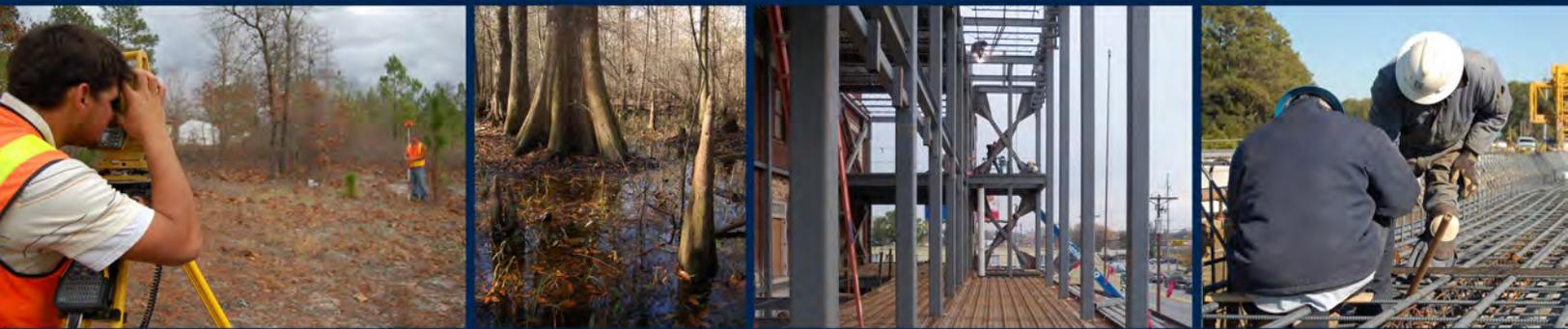
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