

Advanced Financial and Performance Assessment (AFPA)

Fast Builders Pty Ltd

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Report run by User: Chintan Shah
User's Company: Corporate Scorecard Admin Account
Assessment Requested: Fast Builders Pty Ltd
Report prepared by: Corporate Scorecard Pty Ltd
Analyst: Brad Walters
Job Number: 10384



Business Information

Entity Name:	Fast Builders Pty Ltd	Number:	99123456789
Structure:	Proprietary Company	Country:	Australia
Industry Group:	Construction	Industry Sector:	Non-Residential

Report Scope

Purpose of Assessment
The NSW Department of Finance & Services is currently evaluating tenderers for the construction of new offices located at Town Hall. Corporate Scorecard has been engaged to assess the financial viability, capacity and risk of 'Fast Builders Pty Ltd' to complete \$11m in contracted works over a twelve month period.

Contract Details

Principal:	NSW Department of Finance and Services
Contract:	Construction of New Office Premises
Type:	Design & Construct
Value:	\$11,000,000
Duration:	12 months
Annualised:	\$11,000,000
Aggregated:	\$14,859,000

Assessment Outcome

Acceptable:	Conditionally Acceptable
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Financial Assessment

	Jun 2009	Jun 2010	Jun 2011
Accounts:	Annual	Annual	Annual
Quality:	Statutory	Statutory	Management
Sales:	\$19,823,000	\$21,052,000	\$29,904,000
Profit:	\$336,000	\$361,000	\$540,000
Net Tangible Worth:	\$460,000	\$418,000	\$572,000
Working Capital:	\$342,000	\$518,000	\$1,130,000
Credit Score:	49	44	39
Credit Rating:	b	b	b-
Probability of Default:	6.91%	6.91%	13.91%

Executive Summary

Key Strengths

- The contractor has been trading profitability for the last eight years, and has recently improved gross margins and increased sales revenue to \$29.9m
- The company was observed to have acceptable levels of net tangible worth, liquidity and working capital, and reported positive and improving net operating cash flow

Key Issues

- The contractor increased revenues by 42.1% to June 2011, being outside of sustainable growth parameters
- With high gearing, financial leverage and low interest coverage the company is likely to have difficulty obtaining further external funding
- The high and increasing dividend payout rates, recorded at 92.6% (2011), have constrained the company's internal resources for growth
- The net operating cash-flow available to service short-term contractual commitments is low at 10.0% of current liabilities, and is likely to have been artificially inflated by delayed creditor payments and early collections from debtors
- Working capital is heavily dependent on the recoverability of loans to director related entities, and the contractor's capital adequacy was deficient on a stand-alone basis, with related party loans representing 31.7% of total assets
- The annualised exposure of the contract in question represents 46.6% of the average annual sales of the company, and is in excess of capacity risk thresholds
- The aggregated exposure of the company's contracts with the principal represents 49.7% of it's total sales revenue (2011), resulting in a substantial concentration of work with the principal, presenting a higher level of risk exposure
- Reference checks on previous projects revealed a prior history of unsubstantiated variation claims

Professional Opinion

In our professional opinion, based on the analysis of the financial statements and related information, Fast Builders Pty Ltd has been assigned an indicative rating of 'b-^', with a credit watch classification and a high level of risk. Following our detailed analysis, we have formed the view the contractor has grown outside of sustainable growth parameters and with high gearing, financial leverage and low interest coverage is likely to have difficulty in obtaining additional external funding. As Fast Builders Pty Ltd is considered to be of high risk, we would recommend that the following risk mitigation recommendations be considered.

Recommendations

If the principal is to proceed in awarding the contract to Fast Builders Pty Ltd, we recommend that the following risk mitigation strategies be considered:

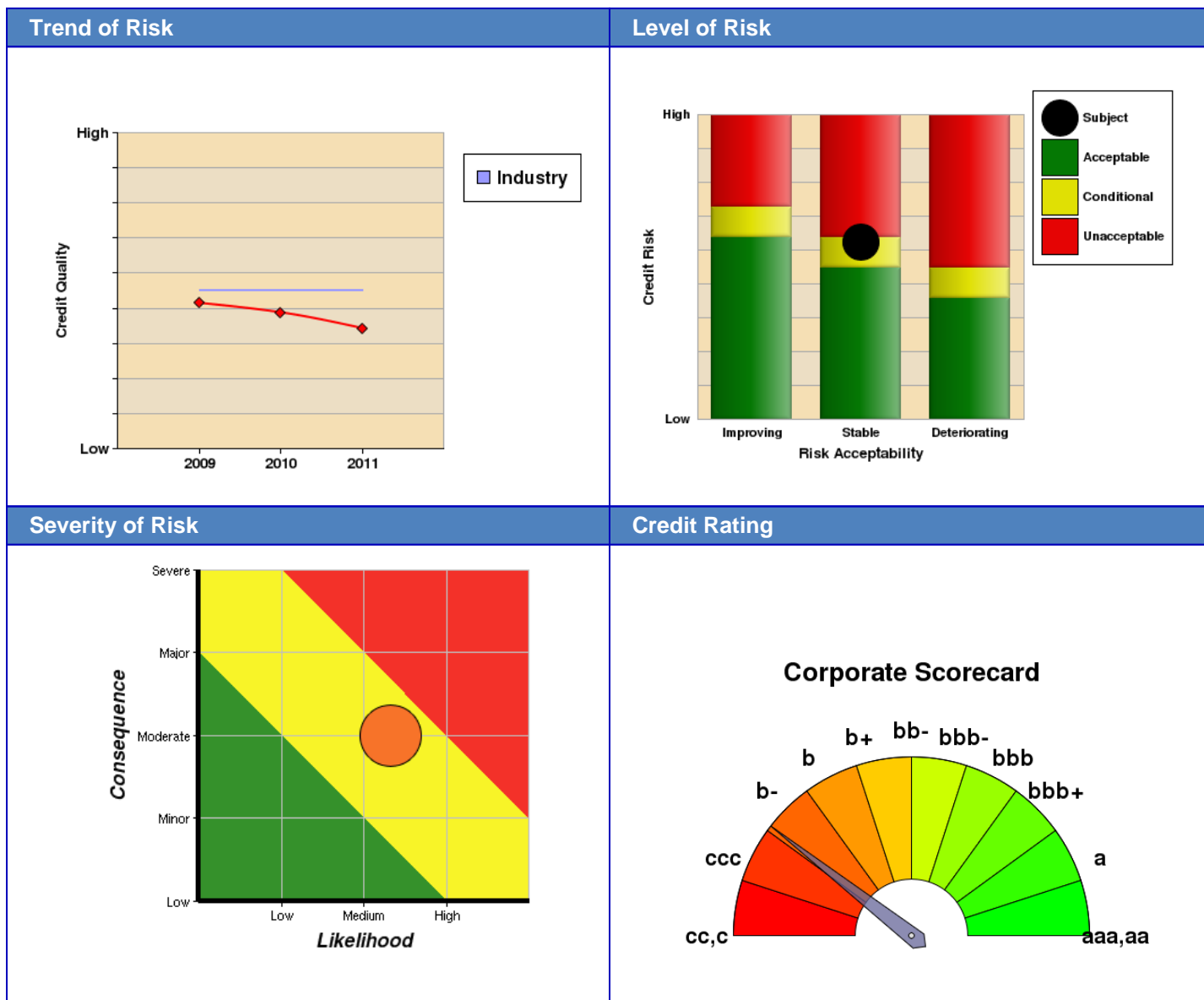
- A bank guarantee for 7.5% of the contract value
- A cross-company guarantee from Happy Homes Constructions Pty Ltd relating to loans extended for \$1.5m (2011)
- A cross-company guarantee from Everest Builders Pty Ltd relating to loans extended for \$2.1m (2011)
- Counterparty risk assessments be conducted on the guarantors to ensure they have an adequate financial capacity

The following financial, operating and reporting covenants are also recommended:

- Six monthly reporting be implemented in light of growth forecasts and the credit watch classification
- Limit the dividend payout to be no more than 50% of post-tax profits to improve the contractors capital adequacy
- Subordinate shareholder loans of \$3.5m for a period of at least 18 months
- A director undertaking that no further funding be made to related parties, either in the form of debt and/or investment
- Maintain a working capital level of at least \$1.1m for the duration of the contract
- A review process to monitor and manage variation claims provided by the contractor

Risk Diagnostics

Graphical Information



Risk Commentary

The company's credit quality was observed to deteriorate over the period, and the trend of risk chart highlights the contractors financial position is below average for the industry.

The level of risk chart integrates the trend of risk with the company's projected credit quality, and was assessed as being within a conditionally acceptable level of risk based on this information.

The severity of risk chart evaluates the size and magnitude of the proposed contract relative to the company's financial capacity, and was assessed as being within conditionally acceptable parameters.

The company was assigned an indicative credit rating of 'b-' at June 2011. This is a credit watch classification with a high level of risk. The short-term probability of default is 13.91%.

Analyst Commentary

Overview

Fast Builders Pty Ltd is a Sydney based construction contractor specialising in commercial and industrial building projects. It is a privately owned and managed company with over 15 years of combined experience in the building industry.

The subject has operations dating back to January 1995 when Peter Williams established 'Slow Constructions' (ABN 80 007 485 932), being a sole trader business operating as a non-residential builder. The business expanded interstate, and a branch office was opened in Melbourne in 1998, and then on the Gold Coast in 2001.

Fast Builders Pty Ltd was incorporated as a company in June 2005 to acquire the trading assets and operations of the former 'Slow Constructions' business. Upon incorporation, the subject adopted its current trading name. In July 2009, the subject underwent an internal company restructure, appointing Senior Construction Manager, Mark Walker and Financial Controller, David Thompson as company directors. As part of the restructure, Mark Walker was also introduced as a 50% shareholder in the company along with the original founder, Peter Williams.

At 30 June 2011 the company employed 125 permanent staff members with operations in NSW, Victoria and Queensland. The subject became a prequalified contractor with the principal in 2005, and we acknowledge the company has previously completed two construction projects for the principal. We understand the contractors OH&S Management Systems are accredited and the company is certified to ISO9001:2000 (Quality Management Systems).

Principal Activities

The subject operates as a commercial building contractor undertaking a range of education, health, heritage refurbishment & restoration, residential and public building projects. Project delivery methods include construction management, design & construct, design development & construction and cost plus.

Corporate Relationships

Fast Builders Pty Ltd is wholly owned by two of the company's directors, Peter Williams and Mark Walker, and is a stand alone company with no immediate or ultimate corporate parent. The company has no subsidiary entities or associates listed in its accounts, however it had made several transactions with director-related entities including:

- Happy Home Constructions Pty Ltd (ABN 58 345 845 546)
- Everest Builders Pty Ltd (ABN 11 550 234 544)

Contract Pipeline

Since 2005, the contractor has completed various types of commercial and other non-residential projects, the largest being the construction of a commercial branch for the National Australia Bank amounting to \$6.8m. The proposed contract therefore represents the largest project ever performed by the company.

The company listed eight (8) commercial projects as work in progress at July 2011, with a total value of \$43.5m. These contracts were at various stages of completion, with \$27.8m of contracted work remaining (based on the percent complete method).

It should be noted, based on estimated completion dates, this work is currently envisaged to be completed within the existing fiscal period. As such, with the inclusion of the proposed project, the contractor will have total contractual commitments of approximately \$32.5m for the year ended June 2012. If the company is successful in procuring further work for delivery within the current fiscal period, they will likely require further financial support to accommodate business growth.

In addition, the company has recently been awarded another contract within the principal's organisation, and in the event it is also awarded this contract, the aggregated value of work will represent 49.7% of the company's total sales revenue for the year ended June 2011. The company will have a substantial concentration of work with the principal, presenting a higher level of risk exposure.

Sales and Growth

The company recorded a 42.1% increase in sales revenue for the year ended June 2011 to \$29.9m (2010: \$21.1m). The contractor was also able to improve the gross profit margin to 9.6% (2010: 8.9%), which supported the increase in gross profit to \$2.9m (2010: \$1.9m). Despite an increase in other expenses, post-tax profits increased to \$0.4m (2010: \$0.3m).

Management advised the increase in sales and net profit was a result of their strategic approach in penetrating the Queensland market. This was to counter a downturn in market conditions experienced in NSW and Victoria, particularly in the privately funded commercial and industrial projects which had deteriorated markedly. The company increased its focus on the Queensland market, and despite increased competition did not sacrifice on margins to win additional work. As a result, the subject's gross margin improved to 9.6% (2010: 8.9%) and net profit margin to 1.8% (2010: 1.7%).

An area investigated for credit quality purposes is a company's ability to sustain growth levels based on their internal resources and reserves. The sustainable growth rate refers to the rate at which an entity can grow its revenue base without having recourse to external finance and is calculated as the retained income divided by opening shareholder funds. If an entity is growing in excess of this rate it will require additional funding or will experience deterioration in its key credit indicators and financial strength. In these situations, high growth entities are likely to face liquidity constraints, increased gearing, lower interest coverage and diminished dividend payouts. At June 2011 the company was observed to have a sustainable growth rate of 16.8%. However with recent growth of 42.1%, the contractor had grown in excess of sustainable means. This appears to have been funded and supported by an increase in interest bearing debt to \$4.9m (2010: \$3.5m) and shareholder loans to \$3.5m (2010: \$1.3m).

Delivery Capability

The level of credit risk increases as the size of the contractual commitment approaches the financial capacity constraints of a company. More specifically, once the size of any single annualised commitment exceeds 30% of the average annual revenue of an entity for the past three years, the level of risk increases.

The contractor has averaged sales of \$23.6m for the three years to June 2011. The annualised exposure of the contract in question therefore represents 46.6% of average revenues. Accordingly the project represents a substantial undertaking relative to historical sales activity and exceeds capacity risk thresholds.

A review of previous projects and delivery performance was conducted with nominated referees, and revealed prior instances of unsubstantiated variation claims. One referee noted that cost blow-outs due to inclement weather was a possible reason for the numerous claims lodged. Other potential concerns included two minor OH&S infringement notices, and a prior environmental issue which involved remedial action relating to the accidental spillage of building waste into an adjoining creek. We were advised this was adequately rectified.

Related Party Exposure

As at June 2011 the company recorded \$2.1m (2010: nil) in current receivables from a related party, being Everest Builders Pty Ltd (directors in common).

Non-current loans to related parties were recorded at \$1.5m (2010:\$1.8m), being to Happy Homes Constructions Pty Ltd (directors in common).

The company's financial position is heavily dependent upon the recoverability of loans extended to related parties, which represented 31.7% of total assets. Furthermore, current loans to related parties represented 185.8% of working capital. In the event these funds are not recoverable as and when required, it would have a significant impact on the company's financial position, with working capital reducing to -\$1.0m and net tangible worth to -\$3.0m.

As at June 2011, the company recorded nil (2010: \$0.1m) current loans from related parties.

Non-current loans from shareholders amounted to \$3.5m (2010: \$1.3m), which represented 30.5% of total assets.

Therefore the company is also heavily dependent upon continued funding from related parties, and amounts payable to shareholders represented 306.5% of the company's working capital. In the event these funds were recalled, working capital would be reduced to -\$2.3m.

Financial Capacity

For the year ended 30 June 2011, operating activities generated a net cash inflow of \$0.4m (2010: \$0.3m). The subject reported they held cash reserves of \$0.4m (2010: \$0.5m) at the balance date.

As at June 2011, the company reported an increase in working capital to \$1.1m (2010: \$0.5m), representing 3.8% of sales (2010: 2.5%) which is better than the sector median.

As at June 2011, the company reported an increase in net tangible worth to \$0.6m (2010: \$0.4m), representing 2.0% of sales (2010: 1.9%) which is worse than the sector median.

Both working capital and net tangible worth levels are considered acceptable for the purposes of this assessment. However this should be considered within the context of related party dependencies discussed above, which has adversely impacted the company's capital adequacy on a stand-alone basis.

Funding and Debt Maturity

The company is funded by a mixture of cash generated by its operating activities and various debt facilities provided by National Australia Bank Limited (NAB), Commonwealth Bank of Australia (CBA) and ANZ Banking Group Limited (ANZ).

As at June 2011, the company recorded a substantial increase in total debt amounting to \$7.7m (2010: \$3.9m), representing 68.0% (2010: 59.9%) of total assets. Interest bearing debt was recorded at \$4.9m, representing 43.3% of total assets, and non-interest bearing debt from a related party was recorded at \$2.8m, representing 24.7% of total assets as at June 2011.

Current interest bearing debt amounted to \$1.3m (2010: \$0.4m) which was comprised of the following debt facilities provided by CBA:

- \$1.2m in secured bank finance
- \$0.1m in leased liabilities

The company had non-current interest-bearing debt amounting to \$3.6m as at June 2011 (June 2010: \$3.1m) which was comprised of the following debt facilities provided by ANZ bank:

- \$2.8m in medium term notes
- \$0.7m shareholder loan
- \$0.1m in lease liabilities

Further, the company had access to a unused bank guarantee facilities with NAB for \$2.1m as at June 2011, and would therefore appear to have sufficient room within its current facility limits to accommodate for the bank guarantee recommended for this contract.

ASIC records reveal that National Australia Bank, Commonwealth Bank of Australia and ANZ Bank each hold multiple charges over the company's assets.

Post Balance Date Events

The contractor has informed us that all its existing funding facilities have been renegotiated and have been extended for a period of 3 years.

We have also been informed that the contractor is actively pursuing penetration into the Queensland market and anticipates building a strong revenue base in the State in the short to medium term.

Credit Outlook

Based on the level of work in hand and historical success rates on tenders, the subject is forecasting sales revenue of \$37.5m and a pre-tax profit of \$0.8m for the year ending 30 June 2012.

Management advised the company has been adversely impacted by the global financial crisis, which has seen a reduction in tender opportunities. This has been most evident within private sector clients and in particular commercial works in NSW and Victoria. A number of projects have either been cancelled or put on hold, with some clients having an inability to obtain adequate project funding.

Management stated that the uncertainty in the private sector has been somewhat offset by the public sector through various government stimulus packages. The subject is continuing to target education and health based projects, with an increased focus on continued penetration into the Queensland market.

It was further advised that competition has increased in the industry with the subject witnessing larger construction companies tendering for smaller projects which they would not have previously sought. As a result, construction costs and overheads are being closely monitored. Staff numbers were reduced by 12 in the past 6 months while a number of other staff have been redeployed to the company's Queensland office to meet current requirements. The subject has tenders out for a further \$10.0m in projects, the majority being with government and semi government clients. We were advised that the subject currently has excess operating capacity and is looking to secure additional work.

Based on management forecasts and post-balance date events, Corporate Scorecard holds a stable outlook on the credit quality of the company, and it is expected to remain within a credit watch classification for the fiscal period ending June 2012.

Other Comments

A search of the adverse file of the company revealed two (2) previous court actions in 2008 amounting to \$9,000, which have subsequently been paid in full.

A search of the director's adverse file revealed a default amounting to \$2,500 during 2001, however this was subsequently settled in full.

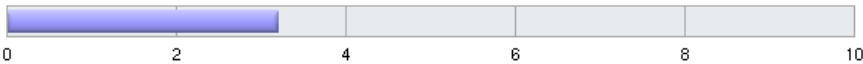
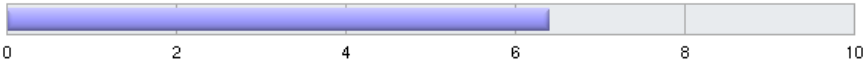



Due to the size, date and subsequent outcome of these items, they have been considered immaterial for the purposes of this assessment.

Information Sources

The above assessment was based on the following information provided:

- Management Accounts of Fast Builders Pty Ltd for the year ended 30 June 2011
- Financial statements of Fast Builders Pty Ltd for the year ended 30 June 2010
- Financial statements of Fast Builders Pty Ltd for the year ended 30 June 2009
- Funding facility summary
- ASIC and public adverse

Business Assessment

Financial Score:		3.20
Context Score:		6.40
Non-Financial Score:		5.47
Performance Score:		6.13
Overall Score:		4.91

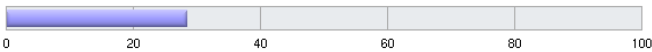
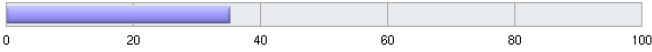
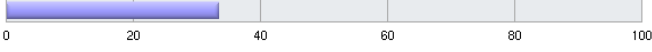

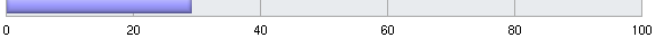
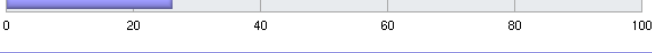



Qualitative Information

Industry			
Country Rating:	High	Industry Rating:	Average
Industry Growth:	Average	Industry Competitiveness:	High
Reliance on Foreign Markets:	Low	Entry Barriers:	Average
Entity			
Business Tenure (Years):	6 - 10 Years	Years with Principal:	> 5 years
Trading History:	Within 60 days	Adverse Information:	Minimal
Registered Charges:	3 charges	Customer Rating:	5
Management			
Management Assessment:	Average	Executive Changes:	Low
Dependence on Personnel:	Moderate	Dependence on Related Parties:	High
Related Party Charges:	No RP charges	Reliance on Outside Stakeholders:	Low

Sector Position

The evaluation of credit quality and financial health is supported by a detailed analysis of an entity's financials and key ratios. Furthermore, many studies have reviewed the empirical evidence in Australia and found that industry differentiation is essential in the detection of corporate distress. Therefore, our reports detail an entity's relative industry position across key distress indicators. These charts do not however, take into account the capacity of the organisation in relation to the transaction amount for which it is being assessed.

The following percentile bar charts outline the financial health of the entity relative to its industry sector. Industries are determined according to the Australian and New Zealand Standard Industry Classification (ANZSIC) scheme. In all circumstances the longer the blue bar the stronger the entity relative to its peers.

<p>Reinvestment</p> 	<p>Reinvestment reflects the accumulated level of profit that has been reinvested into the entity over time to fund future growth. Fast Builders Pty Ltd was found to have below average Reinvestment.</p>
<p>Profitability</p> 	<p>Profitability reflects the current year's level of profit which remains for reinvestment into the entity to fund operations and future growth. Fast Builders Pty Ltd was found to have below average Profitability.</p>
<p>Repayment Capability</p> 	<p>Repayment Capability reflects the entity's ability to meet outstanding debt and obligations from entity profits. Fast Builders Pty Ltd was found to have below average Repayment Capability.</p>
<p>Liquidity</p> 	<p>Liquidity reflects the entity's level of liquid assets that would be available to meet short term cash commitments. Fast Builders Pty Ltd was found to have above average Liquidity.</p>
<p>Interest Coverage</p> 	<p>Interest Coverage reflects the entity's level of profits that are available to meet its interest expense obligations. Fast Builders Pty Ltd was found to have below average Interest Coverage.</p>
<p>Gearing</p> 	<p>Gearing reflects the proportion of total assets funded by total external liabilities. Fast Builders Pty Ltd was found to have below average Gearing.</p>
<p>Cash Flow</p> 	<p>Cash Flow reflects the level of cash that is generated from trading activity that is available for short term cash commitments. Fast Builders Pty Ltd was found to have below average Cash Flow.</p>
<p>Creditor Exposure</p> 	<p>Creditor Exposure reflects the entity's ability to manage cash flow and the reliance on creditors in funding cash flow. Fast Builders Pty Ltd was found to have below average management of the exposure to trade creditors.</p>
<p>Activity</p> 	<p>Activity reflects the efficiency of management in generating and growing sales from the asset base of the entity. Fast Builders Pty Ltd was found to have above average Activity.</p>

Key Indicators

		Jun 2009	Jun 2010	Jun 2011
Profitability				
Gross Profit Margin	%	8.42	8.86	9.64
Net Profit Margin	%	1.70	1.71	1.81
Profitability	%	1.13	0.51	0.25
Reinvestment	%	1.13	1.51	1.11
Return on Assets	%	11.10	11.59	11.34
Return on Equity	%	29.75	33.82	41.91
Liquidity				
Working Capital	\$,000	342	518	1,130
Working Capital to Sales	%	1.73	2.46	3.78
Cash Flow Coverage	%	20.38	17.12	10.04
Cash Ratio	%	10.30	26.36	11.16
Current Ratio	x	1.23	1.28	1.28
Quick Ratio	x	0.56	0.64	0.86
Capital Adequacy	%	-4.24	-6.75	-10.09
Gearing				
Net Tangible Worth	\$,000	460	418	572
Net Asset Backing	%	2.32	1.99	1.91
Gearing	%	86.23	88.50	92.04
Debt to Equity	x	4.78	5.73	8.50
Interest Coverage	x	2.12	1.92	1.72
Repayment Capability	%	6.79	6.27	5.18
Financial Leverage	x	5.17	5.16	5.64
Short Ratio	%	7.52	9.08	16.32
Operating				
Operating Leverage	x	N/A	2.96	1.67
Creditor Exposure	%	19.17	21.52	24.38
Creditor Days	days	22.12	26.63	37.31
Inventory Days	days	19.81	22.73	22.92
Debtor Days	days	11.42	10.66	5.48
Cash Conversion Cycle	days	9.10	6.76	-8.91
Other Indicators				
Sales (Annualised)	\$,000	19,823	21,052	29,904
Activity	x	3.45	3.24	2.64
Sales Growth	%	N/A	6.20	42.05

Sustainable Growth	%	N/A	12.41	16.84
Dividend Payout	%	72.34	86.96	92.59
Related Party Loans Receivable	%	22.67	28.25	31.69
Related Party Loans Payable	%	29.09	21.28	30.56
Related Party Loans Dependency	%	488.01	253.47	306.46
Z-Score Risk Measure		4.59	4.74	4.79

Contract Metrics		Jun 2011
Contract Value	\$,000	11,000
Annualised	\$,000	11,000
Sales Revenue to Annualised	times	2.72
Working Capital to Annualised	%	10.27
Net Tangible Worth to Annualised	%	5.20

Summary Financial Statement Data

		Jun 2009 (Thousands)	Jun 2010 (Thousands)	Jun 2011 (Thousands)
	Profit and Loss Account			
	Sales Revenue	\$19,823	\$21,052	\$29,904
	Cost of Goods Sold	\$18,153	\$19,187	\$27,021
	Gross Profit	\$1,670	\$1,865	\$2,883
	Depreciation and Amortisation	\$93	\$77	\$74
	Finance Costs	\$301	\$393	\$745
	Profit Before Tax	\$336	\$361	\$540
	Profit after Tax	\$235	\$253	\$378
	Profit after Tax and Distributions	\$65	\$33	\$28
	Balance Sheet			
Assets	Trade Debtors	\$620	\$615	\$449
	Inventories	\$985	\$1,195	\$1,697
	Total Current Assets	\$1,799	\$2,381	\$5,144
	Intangibles	\$330	\$330	\$330
	Total Assets	\$5,738	\$6,507	\$11,330
Liabilities	Trade Creditors	\$1,100	\$1,400	\$2,762
	Current Interest-Bearing Debt	\$284	\$389	\$1,251
	Current Liabilities	\$1,457	\$1,863	\$4,014
	Non-Current Interest-Bearing Debt	\$2,064	\$3,083	\$3,601
	Total Liabilities	\$4,948	\$5,759	\$10,428
Equity	Retained Earnings	\$65	\$98	\$126
	Total Equity	\$790	\$748	\$902
	Supplementary Information			
	Net Operating Cashflow	\$297	\$319	\$403
	Related Party Loans Receivable (current)	\$0	\$0	\$2,100
	Related Party Loans Receivable (non-current)	\$1,301	\$1,838	\$1,490
	Related Party Loans Payable (current)	\$0	\$72	\$0
	Related Party Loans Payable (non-current)	\$1,669	\$1,313	\$3,463
	Contingent Liabilities	\$1,800	\$1,500	\$2,500

Detailed Organisational Information

Corporate Details

Registered Name	FAST BUILDERS PTY LTD
Registered Address	3 GEORGE STREET PENNANT HILLS NSW 2021
Incorporation/Registration Date	13/06/2005
State (Country) of Incorporation	NSW
Status	Registered
Former Name(s)	
Entity Type	Australian Private Company
Share Capital	\$500,000.00

Share Holders

Name	Address	Shares Held	Class
WILLIAMS, PETER	LEVEL 21 1 MARTIN PLACE SYDNEY NSW 2000	250	ORD
WALKER, MARK	26 MEADOW PLACE SUNNYBANK QLD 4109	250	ORD

Adverse Check on the Organisation

Action Date	Action Type	Amount	Creditor	Plaint Number	Court Type	Status
16 Mar 2008	Default Judgement	\$4,000	TELSTRA	147261	Magistrates Court	Paid 24 Jun 2008
20 Oct 2008	Court Writ	\$5,000	SYDNEY CONCRETING COMPANY PTY LTD	472538	District Court	Paid 16 Nov 2008

The above actions arose due to misplaced invoices and have since been paid in full. Due to their small value, they are not considered to have a material impact on this assessment.

Registered Charges

Current Charges

ASIC Charge Number	Date Registered	Date Created	Status	Type	Chargee/Trustee
999003075	13/06/2007	15/05/2007	Registered	Both Fixed & Floating	NATIONAL AUSTRALIA BANK
999003086	14/06/2007	13/06/2007	Registered	Both Fixed & Floating	COMMONWEALTH BANK OF AUSTRALIA
999003182	03/08/2007	01/08/2007	Registered	Both Fixed & Floating	NATIONAL AUSTRALIA BANK
999003231	19/09/2007	20/08/2007	Registered	Fixed	NATIONAL AUSTRALIA BANK

999003332	05/11/2007	17/10/2007	Registered	Both Fixed & Floating	COMMONWEALTH BANK OF AUSTRALIA
999003370	07/02/2008	01/01/2008	Registered	Fixed	AUSTRALIAN AND NEW ZEALAND BANK LTD
999003371	07/02/2008	01/01/2008	Registered	Fixed	AUSTRALIAN AND NEW ZEALAND BANK LTD
999003377	19/02/2008	01/02/2007	Registered	Fixed	AUSTRALIAN AND NEW ZEALAND BANK LTD
999003632	02/03/2009	12/02/2009	Registered	Both Fixed & Floating	COMMONWEALTH BANK OF AUSTRALIA

Satisfied Charges

ASIC Charge Number	Date Registered	Date Created	Status	Type	Chargee/Trustee
999003180	03/08/2007	03/08/2007	Satisfied	Both Fixed & Floating	WESTPAC BANKING CORPORATION

Officeholders

Director Name	Address	Date of Birth	Appointment Date
WILLIAMS PETER	LEVEL 21 1 MARTIN PLACE SYDNEY NSW 2000	15/09/1968	13/06/2005
WALKER MARK	26 MEADOW PLACE SUNNYBANK QLD 4109	19/01/1962	08/07/2009
THOMPSON DAVID	13 SMITH STREET TRARALGON VIC 3844	28/06/1979	01/07/2009
Secretary Name	Address	Date of Birth	Appointment Date
WALKER MARK	26 MEADOW PLACE SUNNYBANK QLD 4109	19/01/1962	08/07/2009
THOMPSON DAVID	13 SMITH STREET TRARALGON VIC 3844	28/06/1979	01/07/2009

Directorships

PETER WILLIAMS, Joint Managing Director, holds a Bachelor of Building (Hons) and a Master of Business Administration from the University of NSW and Builders Licence No. 10749. He joined Civil & Civic Pty Ltd as a Building Cadet in January 1975 and was appointed a Site Administrator in March 1979, Contracts Manager in December 1982 and Project Manager in February 1985. During this time, he gained experience working on a number of commercial and industrial projects up to \$10,000,000 in value. He joined John Holland Pty Ltd in April 1987 as a Project Manager while in December 1989 he was made a Senior Project Manager and was responsible for the delivery of a number of significant commercial projects up to \$50,000,000 in value. He resigned from John Holland Pty Ltd to establish his own sole-trader business 'Slow Constructions' in 1995, prior to incorporating Fast Builders Pty Ltd in 2005 as a private company.

Other Directorships: PREMIER CONSTRUCTIONS HOLDINGS P/L, PREMIER CONSTRUCTIONS INVESTMENTS P/L, PREMIER BUILDERS P/L, PREMIER STAFF P/L, PREMIER PROPERTIES P/L, PREMIER DEVELOPMENTS P/L, PREMIER INVESTMENTS P/L, PETER WILLIAMS INVESTMENTS P/L, EVEREST BUILDERS PTY LTD, HAPPY HOME CONSTRUCTIONS PTY LTD

MARK WALKER, Construction Director, is a Carpenter by trade and holds a Diploma in Building & Construction Management, Builder's Licence No. 21834 and has completed various OH&S courses. He has over 30 years experience in the construction industry, having held various trade, operational and management roles. He commenced in the construction industry as an Apprentice Carpenter in January 1979 with AVJennings Limited and gained experience in the residential sector. Following the completion of his apprenticeship in December 1983, he became self employed as a Carpenter working for a number of residential and commercial builders as a subcontractor. In May 1988 he joined Leighton Contractors Pty Ltd as a Site Foreman and became a Senior Foreman in January 1994. He joined Multiplex Constructions Pty Ltd in October 1997 as a Construction Manager and worked on projects up to \$30,000,000 in value. He joined the company in June 2005 as Senior Construction Manager before being appointed as a Director and Shareholder of the subject in 2009.

Other Directorships: WALKER INVESTMENTS P/L, WALKER PROPERTIES P/L, WALKER NOMINEES P/L , EVEREST BUILDERS PTY LTD, HAPPY HOME CONSTRUCTIONS PTY LTD

DAVID THOMPSON, Finance Director, holds a Bachelor of Commerce (Accounting) from the University of Sydney and is a Certified Practising Accountant. He has over 20 years experience in various financial positions in the construction industry, having joined Abigroup Contractors Pty Ltd as an Accountant in March 1988. He was appointed Financial Accountant of Abigroup's NSW Building Division in November 1994 and Financial Controller in June 1999. He joined the company in June 2005 as Financial Controller and was appointed to the Board as Finance Director in July 2009. He is responsible for the financial, administration and HR functions.

Other Directorships: EVEREST BUILDERS PTY LTD, HAPPY HOME CONSTRUCTIONS PTY LTD, PREMIER INVESTMENTS P/L, THOMPSON INVESTMENTS P/L

Adverse Check on Directors

Name	Action Date	Action Type	Amount	Creditor	Plaint Number	Court Type
PETER WILLIAMS	15/06/2001	Default Judgement	\$2,500	TELSTRA	124555	Magistrates Court

The above action against Peter Williams arose due to a misplaced invoice, which has been settled there after.

Work in Progress and Completed Contracts

Current Contracts

Client	Description	Value	Start Date	Completion Date	% Complete
BHP	Warehouse at Bundaberg	\$6,237,000	Oct-11	Nov-12	0%
NSW Department of Finance & Services	Homebush Public School	\$3,859,000	Sep-11	Jan-12	0%
Holden	Showroom in South Brisbane	\$6,546,000	Jan-11	Apr-12	10%
Coca Cola Amatil	Office premise at Coolangatta	\$5,750,000	Dec-10	Dec-11	55%
Infosys	Office premise at Newcastle	\$1,500,000	Feb-10	Oct-11	75%
Harvey Norman	Warehouse at Moorebank	\$5,850,000	Mar-10	Dec-11	70%
Audi	Showroom at Southbank	\$5,789,000	Oct-10	Nov-11	60%
Macquarie University	New Library at North Ryde	\$7,952,000	Nov-10	Dec-11	40%

Completed Contracts

Client	Description	Value	Start Date	Completion Date
NSW Department of Finance & Services	Kingsgrove Public Library	\$5,994,000	Jan-05	Apr-06
NSW Department of Finance & Services	Parramatta Public School	\$6,150,000	Dec-07	Jan-08
ABC Developments Pty Ltd	Office complex, Parramatta	\$6,750,000	Feb-08	Dec-08
Lion Nathan	Warehouse at Ormeau	\$2,570,000	Mar-09	Sep-09
Macquarie University	Office premises at Baclava	\$4,980,000	Jan-09	Mar-10
Harvey Norman	Office premises at Lidcome	\$4,985,000	Feb-10	Mar-11
GHD	Office premises at Chatswood	\$5,852,000	Jul-10	Apr-11
GPT	Commercial premises at Cairns	\$6,850,000	Apr-10	Jun-11
Coles	Supermarket at Mackay	\$5,998,000	Aug-10	Jul-11
BHP	Warehouse at Rockhampton	\$6,239,000	Mar-10	Jun-11

Referee Checks

Client Name:		ABC Developments Pty Ltd
Contact Name:		Bill Andrews
Telephone/Mobile:		0414 678 987
Contract Type/Goods or Services provided:		Office complex, Parramatta
Category	Rating	Comment
TIME MANAGEMENT - Ability to keep project on time and overcome delays from unanticipated events or external sources.	Acceptable	Although the contract ran 4 weeks over specified time due to bad weather, the company was able retrieve some lost time. Results could have been improved with the use of additional resources.
STANDARD OF WORK - As measured against specifications & KPIs. Any remedial work required. Performance during defects liability period, if applicable. Consistency in product/service quality. Attention to detail.	Acceptable	Acceptable Work met specifications and in some areas exceeded requirements. Although standard of workmanship was consistently good, minor remedial work was needed and was promptly attended to.
WORKPLACE HEALTH & SAFETY - Compliance with safety issues according to Acts and ability to control subcontractors to ensure the same. Number of infringement notices.	Acceptable	Two infringement notices were issued for minor OH&S violations. The company had project compliant plans that were adhered to & managed its subcontractors along the same lines.
CLAIMS FOR VARIATIONS, DISPUTES - Number and frequency. Ability to submit claims with correct supporting evidence. All claims justified. May, on occasion, undertake minor variations at own cost. Proactive in resolving disputes.	Unsatisfactory	Inclement weather caused delays and may have adversely impacted the contractor's financial position. This could be one of the reasons for the large number of claims subsequently lodged, which were mostly rejected on the basis of insufficient supporting evidence or documentation. Claim negotiations were amicable.
QUALITY ASSURANCE - Level of compliance with required QA standard and project quality plan. Number of non-conformance items.	Good	Complied with all quality requirements of the project.
DOCUMENTATION - Ability to maintain proper records of the project. Timely provision of information such as drawings, instructions, training material, reports or other documentation.	Acceptable	Apart from the lack of adequate supporting documentation for some of its variation claims, the company generally provided all paperwork, drawings etc promptly.
INDUSTRIAL RELATIONS / STAFF MANAGEMENT - Ability to properly manage and negotiate industrial relations matters. Effectiveness of management & supervisory staff.	Good	No industrial relations issues arose during the contract & the company exercised good management of its on-site personnel.
ENVIRONMENTAL MANAGEMENT - Ability to take proper measures to control any damage, harm or threats to the environment. Response to community requirements. Traffic control procedures.	Good	The work was undertaken in a high traffic area with parks & a school nearby. As a result there was a high priority placed on both environmental & OH&S management. The company met all KPIs in these areas, employing environmental & safety officers to monitor work on a regular basis.

SUBCONTRACTOR MANAGEMENT - Competence in managing both on-site and off-site subcontractors, suppliers and consultants. Ensure timely payment of suppliers and subcontractors & delivery of goods/materials.	Superior	Excellent choices for both subcontractors & suppliers. The company demonstrated strong leadership in this area & this was a reflection of its good project management skills.
CO-OPERATION LEVEL - Able to develop and maintain good working relationships between key stakeholders. Ability to promptly inform relevant parties of matters likely to affect project time frame, cost or quality. Attitude of Staff.	Superior	Despite the loss of time due to inclement weather & accompanying claims, the company proved cooperative during the course of the project & all parties were kept informed of developments, ensuring good working relations on & off site.
PLANT AND EQUIPMENT - Standard and maintenance of vehicles, plant and equipment meets requirements. Equipment appropriate for the task. No delays due to breakdowns or lack of backup. Planned schedule for renewal.	Superior	Subject supplied and utilised its own equipment for the majority of tasks, with the exception of a crane that was hired from a partnering company which they have held long-term working relations with. Standard of plant and equipment was excellent, with the subject owning a relatively new fleet of vehicles. No delays or issues were encountered.
OVERALL RATING: GENERAL COMMENTS & IMPROVEMENT AREAS	Good	Subject proved to be a competent contractor, undertaking construction of a \$6.75m office complex that was completed in December 2008. Regarded as an experienced contractor, it achieved a good standard of work in difficult site conditions and utilised very good subcontractors that were well managed. In particular, John Davies & Ian Henderson rated highly as Site & Project Managers for the company.

Client Name:		Lion Nathan
Contact Name:		Warren King
Telephone/Mobile:		(02) 9888 4567
Contract Type/Goods or Services provided:		Lidcombe Warehouse
Category	Rating	Comment
TIME MANAGEMENT - Ability to keep project on time and overcome delays from unanticipated events or external sources.	Acceptable	The subject exhibited good project scheduling skills. The project was well resourced and was completed on time.
STANDARD OF WORK - As measured against specifications & KPIs. Any remedial work required. Performance during defects liability period, if applicable. Consistency in product/service quality. Attention to detail.	Good	Standard of workmanship was high with only minor defects that were promptly rectified.
WORKPLACE HEALTH & SAFETY - Compliance with safety issues according to Acts and ability to control subcontractors to ensure the same. Number of infringement notices.	Good	Company required initial assistance in bringing its safety plan up to the required standard. Work site was well barricaded and safety gear was worn at all times. A safety officer was employed and no issues arose.
CLAIMS FOR VARIATIONS, DISPUTES - Number and frequency. Ability to submit claims with correct supporting evidence. All claims justified. May, on occasion, undertake minor variations at own cost. Proactive in resolving disputes.	Marginal	A number of variation claims were lodged with the majority rejected as they were not supported with appropriate documentation. The subject is however amicable in its negotiations.

QUALITY ASSURANCE - Level of compliance with required QA standard and project quality plan. Number of non-conformance items.	Good	The company met the quality assurance requirements of the project.
DOCUMENTATION - Ability to maintain proper records of the project. Timely provision of information such as drawings, instructions, training material, reports or other documentation.	Good	The company generally provided all necessary paperwork and supporting documentation promptly (apart from variation claims).
INDUSTRIAL RELATIONS / STAFF MANAGEMENT - Ability to properly manage and negotiate industrial relations matters. Effectiveness of management & supervisory staff.	Superior	There were no IR issues & the company had very good staff management policies.
ENVIRONMENTAL MANAGEMENT - Ability to take proper measures to control any damage, harm or threats to the environment. Response to community requirements. Traffic control procedures.	Marginal	Waste spilled into an adjoining creek and the subject was required to carry out remediation work.
SUBCONTRACTOR MANAGEMENT - Competence in managing both on-site and off-site subcontractors, suppliers and consultants. Ensure timely payment of suppliers and subcontractors & delivery of goods/materials.	Good	Good choice of subcontractors & suppliers. Site inductions were carried out and they worked in well with the head contractor.
CO-OPERATION LEVEL - Able to develop and maintain good working relationships between key stakeholders. Ability to promptly inform relevant parties of matters likely to affect project time frame, cost or quality. Attitude of Staff.	Good	The company was co-operative and responsive throughout the project. Regular site meetings were held and the company promptly addressed any issues. Directors were very approachable and also undertook regular site visits to ensure the project ran smoothly and to the clients satisfaction.
PLANT AND EQUIPMENT - Standard and maintenance of vehicles, plant and equipment meets requirements. Equipment appropriate for the task. No delays due to breakdowns or lack of backup. Planned schedule for renewal.	Good	Subject supplied and utilised its own plant and equipment and fleet of vehicles. One minor delay was encountered due to the malfunction of a drilling machine, however a replacement was organised in a timely manner, ensuring minimal disruptions and the project was able to remain on track to be completed within agreed timeframes.
OVERALL RATING: GENERAL COMMENTS & IMPROVEMENT AREAS	Good	The subject was engaged after an exhaustive tender and evaluation process from 6 shortlisted contractors. The project was well resourced and was delivered on time. The quality of the finish was very good and the company was cooperative and responsive throughout. There was an issue with building waste spilling into a creek however this was promptly rectified. An area for improvement is the provision of supporting documentation for variation claims.

Glossary

The following is a guide to the ratios that may be included in this report. Note: Financial ratios are indicators of an entity's performance and financial position and will provide useful information, especially when comparing entities in the same industry. It must however be pointed out that ratios can be influenced by, but not limited to, point-in-time adjustments, decisions taken by management, use of different accounting policies and whether the entity is part of a larger group.

Indicator	Calculation
Profitability	
Gross Profit Margin	Gross Profit / Sales shown as a percentage
Net Profit Margin	Net Profit before Tax / Sales shown as a percentage
Profitability	Annualised Profit after Tax and Dividends / Total Assets shown as a percentage
Reinvestment	Retained Earnings / Total Assets shown as a percentage
Return on Assets	Annualised Profit before Interest and Tax / Total Assets shown as a percentage
Return on Equity	Annualised Profit after Tax / Shareholders Equity shown as a percentage
Liquidity	
Working Capital	Current Assets - Current Liabilities
Working Capital to Sales	Working Capital / Annualised Sales shown as a percentage
Cash Flow Coverage	Annualised Operating Cash Flow / Current Liabilities shown as a percentage
Cash Ratio	Cash/Current Liabilities shown as a percentage
Current Ratio	Current Assets / Current Liabilities
Quick Ratio	(Current Assets - Inventories) / Current Liabilities
Capital Adequacy	Adjusted Net Tangible Assets/Annualised Sales shown as a percentage
Gearing	
Net Tangible Worth	Total Net Assets - Intangibles
Net Asset Backing	Net Tangible Worth / Annualised Sales shown as a percentage
Gearing	Total Liabilities / Total Assets
Debt to Equity	Total Interest Bearing Debt/Shareholders Equity
Interest Coverage	(Profit before Tax and Interest Expense) / Interest Expense
Repayment Capability	Annualised Profit before Tax / Total Liabilities shown as a percentage
Financial Leverage	Interest-Bearing Debt / Annualised EBITDA
Short Ratio	Current Interest Bearing Debt/Total Interest Bearing Debt shown as a percentage
Operating	
Operating Leverage	Percentage change before Interest and Tax/Percentage change in Sales
Creditor Exposure	Trade Creditors / Total Assets shown as a percentage
Creditor Days	(Trade Creditors / Annualised Cost of Goods Sold) x 365 days
Inventory Days	(Inventories / Annualised Cost of Goods Sold) x 365 Days
Debtor Days	(Trade Debtors / Annualised Sales) x 365 days
Cash Conversion Cycle	Debtor Days + Inventory Days-Creditor Days

Other Indicators	
Sales (Annualised)	Annualised Sales Revenue
Activity	Annualised Sales / Total Assets
Dividend Payout	Dividend / Profit after Tax shown as a percentage
Related Party Loans Receivable	Current plus non current loans owing by related parties
Related Party Loans Payable	Current plus non current loans owing to related parties
Related Party Loans Dependency	Related Party Loans Payable/Working Capital shown as a percentage
Z-Score Risk Measure	Professor Altman's formula for assessing firm bankruptcy

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This report is designed to provide a high level overview of the financial viability and capacity of counterparties. While these assessments do not provide an official rating, they do provide an indicative credit rating as a guide to the likely credit quality of the entity. Corporate Scorecard makes no warranty and does not guarantee this would be the official rating assigned by our Credit Rating Report.

For individual contracts in excess of \$5m, or multiple contracts that have an aggregated value in excess of \$10m, we must qualify our assessment based on the limited level of analysis conducted for contracts of that magnitude. In these situations we strongly recommend a Credit Rating Report is obtained on the entity before proceeding any further. This provides a more comprehensive financial investigation and due diligence assessment prior to the provision of our professional opinion on the entity's financial viability and capacity for meeting its specific contractual obligations and commitments.

The opinion in this report is valid at the time of the assessment. The scope of this report does not include an ongoing review of the credit quality of the entity. It is strongly recommended a further assessment be conducted within twelve months from the date of this report.

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