

## Detailed Financial & Performance Assessment

# PREMIER CONSTRUCTIONS AUSTRALIA PTY LTD

Overview	2
Executive Summary	3
Corporate Details	5
Officeholders	6
Business Profile	7
Financial Information	9
Summary Financial Statement	11
Key Ratios	12
Trend Charts	13
Industry Position	14
Work in Progress and Completed Contracts	16
Payments to Key Suppliers and Subcontractors	17
Registered Charges and Securities	18
Adverse Check	19
Referee Checks	20
Key Ratios Notes	23

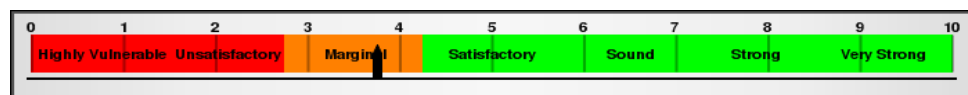
**Assessment Requested:** Premier Constructions Australia Pty Ltd  
**Prepared for:** CSC BI Test Customer  
**On behalf of:** Sample Report  
**Contract Name:** New administration building  
**Contract Value:** \$8,500,000  
**Report prepared by:** Corporate Scorecard Pty Ltd  
**Job Number:** 10499  
**Analyst:** Fred Kontellis  
**Phone:** 02 9959 3318  
**Contract Number:** RFT 082011  
**Ref No / Cost Centre:** DFPA-P



## Overview

<b>Organisation Name</b>	PREMIER CONSTRUCTIONS AUSTRALIA PTY LTD
<b>ACN/ARBN</b>	019385738
<b>ABN</b>	87019385738
<b>Ultimate Parent</b>	PREMIER CONSTRUCTIONS HOLDINGS PTY LTD
<b>Trustee</b>	No
<b>Head Office Address</b>	123 George Street, Parramatta NSW 2150
<b>Telephone</b>	(02) 9999 9999
<b>Line of Business</b>	Commercial and industrial building contractor
<b>ANZSIC Code(s)</b>	E411
<b>Year Established</b>	1992
<b>Registered Charges</b>	Yes
<b>Court Actions &amp; Litigation</b>	Yes

<b>Latest Financial Statements</b>	<b>30-Jun-11</b>
Sales Revenue	\$83,677,722
Operating Profit before Tax	(\$884,250)
Net Tangible Worth	\$783,329
Working Capital	(\$387,525)



<b>Contract Value</b>	<b>\$8,500,000</b>
<b>Duration</b>	<b>15 months</b>
<b>Type</b>	<b>New administration building</b>
<b>Rating</b>	<b>Marginal</b>
<b>Score (1 - 10)</b>	<b>3.76</b>
<b>Pass/Fail</b>	<b>Fail</b>

## Executive Summary

<p><b>Financial Position</b></p>	<p>For the year ended 30 June 2011, the subject recorded sales revenue of \$83,677,722 and a net loss after tax of \$884,250.</p> <p>The subject had net tangible worth of \$783,329 and a deficiency in working capital of \$387,525 at 30 June 2011.</p>
<p><b>Assessment Results</b></p>	<p>On the basis of information obtained, the subject has been assigned with a Score of 3.76 indicating that it has a Marginal financial capacity to undertake the contract in question.</p>
<p><b>Key Points and Recommendations</b></p>	<ul style="list-style-type: none"> <li>- Well established medium sized building contractor with Directors having over 100 years of combined industry experience</li> <li>- Ross Edwards (founder) was the sole Director of the related entity Premier Developments Pty Ltd, which was placed into Receivership in 2010 due to a failed property development</li> <li>- Loss incurred in 2011, due to poor estimating and cost overruns on 3 projects and the writing off of a loan owed by Premier Developments Pty Ltd, which was placed into Receivership in 2010. Despite incurring a loss, the company declared a dividend of \$1.60m.</li> <li>- The annualised value of contract in question is within the company's operating capacity</li> <li>- Acceptable level of net tangible worth for the annualised exposure of the contract in question</li> <li>- Working capital is considered unsatisfactory for the contract in question as it has deteriorated significantly in the past year to be negative, impacted by the loss incurred in the past year and the requirement to write off a \$500,000 loan to Premier Developments Pty Ltd, which was placed into Receivership</li> <li>- Suppliers and subcontractors have noted a slowing down in payments while there have been a number of recent actions to collect outstanding accounts</li> <li>- 2 contracts commenced in the past week totalling \$8.96m and if the current contract is also included, this may place further strain on the company's already weak liquidity position during the start-up phase of the contracts</li> <li>- Loans to related parties represented a material 20.58% of the asset base and more than 100% of equity at June 2011. The non-recoverability of all or part of these loans may have a material and negative impact on the company's financial position.</li> <li>- Client referees advised that the company does not adequately support its variation claims. It is recommended that if the contract is to be awarded to the company that this area be closely monitored.</li> </ul> <p>Given the level of related party transactions and outstanding loan balances, it is recommended that an assessment be carried out on the consolidated position of the ultimate parent in order to provide a more clearer understanding of the financial position of the group. Depending on the outcome of this assessment, a risk mitigation strategy may involve obtaining cross company guarantees in addition to increasing the normal level of bank guarantees that would be requested.</p>

<b>Related Party Risk</b>	<p>The subject had loans to related parties of \$2,975,211 at 30 June 2011, representing 20.58% of the total asset base and over 100% of equity. The loans were to Premier Properties Pty Ltd totalling \$1,319,347 and to Premier Investments Pty Ltd totalling \$1,655,864. The funds have been used for property and share investment purposes respectively. The company is therefore reliant on the recoverability of these loans to support its already less than satisfactory financial position. Although the loans were advised to be fully recoverable, no counterparty risk assessment has been carried out.</p> <p>Loans from related parties (Premier Constructions Investments Pty Ltd) totalled \$2,568,033 at 30 June 2011 and represented 20.27% of total liabilities. The level of loans payable increased in the past year as the company required additional funding in order to support its tight cash flow.</p>
<b>Documentation</b>	<p>The assessment was made on the basis of information provided by the subject and other sources. All documents and information requested were provided following a signed Confidentiality Agreement and no documents were withheld.</p>

## Corporate Details

<b>Registered Name</b>	PREMIER CONSTRUCTIONS AUSTRALIA PTY LTD
<b>Registered Address</b>	123 George Street Parramatta NSW 2150
<b>Incorporation/Registration Date</b>	11 Jun 2003
<b>State (Country) of Incorporation</b>	NSW
<b>Status</b>	Registered
<b>Former Name(s)</b>	DENAM PTY LTD
<b>Entity Type</b>	Australian Proprietary Company
<b>Share Capital</b>	\$250,000.00

## Shareholders

<b>Name</b>	<b>Address</b>	<b>Shares Held</b>	<b>Class</b>
<b>PREMIER CONSTRUCTIONS INVESTMENTS PTY LTD</b>	123 George Street Parramatta NSW 2150	200000	ORD
<b>WALKER INVESTMENTS PTY LTD</b>	88 Pine Street Dural NSW 2158	50000	ORD

## Officeholders

Director Name	Address	Date of Birth	Appointment Date
<b>ROSS ANTHONY EDWARDS</b>	43 Maple Place St Ives NSW 2075	02 Mar 1958	24 Jun 2003
<b>PETER MICHAEL WILLIAMS</b>	11 Mitchell Street Eatswood NSW 2122	28 Jul 1953	24 Jun 2003
<b>DAVID JAMES THOMPSON</b>	32 Mountain Road Lane Cove NSW 2066	05 Aug 1966	01 Jul 2007
Secretary Name	Address	Date of Birth	Appointment Date
<b>DAVID JAMES THOMPSON</b>	32 Mountain Road Lane Cove NSW 2066	05 Aug 1966	12 May 2004

### Officeholders - Other Directorships

#### ROSS EDWARDS

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 INVESTMENTS P/L, PREMIER SUPERANNUATION FUND P/L, PREMIER CONTRACTORS P/L, EDWARDS FAMILY INVESTMENTS P/L

Previous Directorships: PREMIER DEVELOPMENTS P/L (Under External Administration), EDWARDS CONSTRUCTIONS P/L

#### PETER WILLIAMS

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 INVESTMENTS P/L

Previous Directorships: PETER WILLIAMS INVESTMENTS P/L, HOLDING CONSTRUCTIONS P/L

#### DAVID THOMPSON

Other Directorships: PREMIER BUILDERS P/L, PREMIER STAFF P/L, PREMIER PROPERTIES P/L, PREMIER INVESTMENTS P/L

Previous Directorships: THOMPSON INVESTMENTS P/L, THOMPSON HOLDINGS P/L, THOMPSON CONTRACTORS P/L

### Adverse Check on Directors

Name	Action Date	Action Type	Amount	Creditor	Plaint Number	Court Type
<b>ROSS ANTHONY EDWARDS</b>	16 Feb 2011	Default Judgement	\$2,500	TELSTRA	987654	Magistrates Court

The above action against Ross Edwards arose due to a misplaced invoice and has since been paid in full. Due to its small value, it is not considered to have a material impact on this assessment.

A search of the Adverse file on 09 Sep 2011 revealed that there were no actions recorded against Peter Williams and David Thompson at that date.

## Business Profile

<b>Organisation Name</b>	PREMIER CONSTRUCTIONS AUSTRALIA PTY LTD
<b>Head Office Address</b>	123 George Street, Parramatta NSW 2150
<b>Telephone</b>	(02) 9999 9999
<b>Mobile</b>	0412 345 678 (Ross Edwards)
<b>Facsimile</b>	(02) 9999 9988
<b>Website</b>	www.premierbuilders.com.au
<b>Branch(s)</b>	1 King Street, Newcastle NSW 2300 26 Bay Street, Southport QLD 4215 107 Church Street, Richmond VIC 3121
<b>Controlled Entities</b>	Premier Builders Pty Ltd Premier Staff Pty Ltd
<b>Associated Entities</b>	Premier Properties Pty Ltd Premier Developments Pty Ltd (Receiver appointed) Premier Investments Pty Ltd Premier Superannuation Fund Pty Ltd Premier Contractors Pty Ltd
<b>Parent Entity</b>	PREMIER CONSTRUCTIONS INVESTMENTS PTY LTD
<b>Ultimate Parent</b>	PREMIER CONSTRUCTIONS HOLDINGS PTY LTD
<b>Employees</b>	135
<b>Name of Bank</b>	National Australia Bank Limited
<b>Bank Address/BSB</b>	Level 3, 50 Macquarie Street, Parramatta NSW 2150
<b>Bank Overdraft</b>	Yes
<b>Overdraft Limit</b>	\$2,000,000
<b>Bank Guarantees</b>	\$7,000,000 limit
<b>Bank/Commercial Bills</b>	\$3,000,000 limit
<b>Other Facilities</b>	Equipment Leasing - \$2,000,000 limit, Insurance bonds - \$2,000,000

**Organisation Profile**

The subject was incorporated in June 2003 under the shelf company style of Denam Pty Ltd and adopted its current name in July 2003 when it commenced trading as part of an internal restructure.

The subject has operations dating back to January 1992 when Ross Edwards and Peter Williams incorporated a former Premier Constructions Australia Pty Ltd (ABN 90 001 486 931) to operate as a commercial and industrial building contractor. A branch office was opened in Newcastle in 1998 to service the Hunter region while in 2001 operations expanded interstate with the opening of an office on the Gold Coast.

The subject was formed in June 2003 as part of an internal restructure in order to acquire the trading assets, operations and name of the original Premier Constructions Australia Pty Ltd and to introduce Mark Walker as a Director and Shareholder. Mr Walker was the Senior Construction Manager at the time. The original Premier Constructions Australia Pty Ltd changed its name to Premier Constructions Investments Pty Ltd to allow the subject to adopt its current style.

In July 2006, the subject expanded into Victoria with the acquisition of the assets and operations of Ultra Constructions Australia Pty Ltd. The latter company was founded 1997.

The subject operates as a building contractor undertaking a range of commercial, industrial, retail, education, health care, aged care, hospitality, leisure and multi-unit residential projects.

The subject maintains accreditation to ISO9001 (Quality Management Systems), ISO14001 (Environmental Management Systems) and AS/NZS4801 (OH&S Management Systems).



## Financial Information

<b>Person(s) Interviewed</b>	David Thompson, Finance Director
<b>Interview Date</b>	September 2011
<b>Documents reviewed</b>	<p>Audited Financial Statements of Premier Constructions Australia Pty Ltd for the year ended 30 June 2011.</p> <p>Audited Financial Statements of Premier Constructions Australia Pty Ltd for the year ended 30 June 2010.</p> <p>Audited Financial Statements of Premier Constructions Australia Pty Ltd for the year ended 30 June 2009.</p> <p>Audited Financial Statements of Premier Constructions Australia Pty Ltd for the year ended 30 June 2008.</p>
<b>Auditors</b>	ERNST & YOUNG
<b>Confidentiality Agreement</b>	Yes
<b>Review of Financial Performance (P&amp;L)</b>	<p>For the year ended 30 June 2011, the subject recorded sales revenue of \$83,677,722, down from \$88,426,315 in the previous year. The company incurred a net loss after tax of \$884,250 in 2011, compared with a net profit after tax of \$1,725,098 in 2010.</p> <p>The subject declared a dividend of \$1,600,000 in 2011 (2010: \$250,000).</p> <p>Mr Thompson advised that the loss in the past year was due to poor estimating and cost overruns on 3 projects. These projects have been completed and the losses have been taken up in full. Steps have been taken to address these problems with a new head of the estimating department employed in January 2011.</p> <p>The related entity Premier Developments Pty Ltd was also placed into Receivership in October 2010 due to a failed property development and the subject was required to write off a \$500,000 loan it had with that company.</p> <p>The gross profit margin tightened from 13.42% in 2010 to 12.18% in 2011. Mr Thompson attributed this to higher raw material and subcontractor prices.</p> <p>The 5.37% decline in sales revenue in 2011 was directly attributed to the downturn in market conditions and particularly the private commercial, industrial and residential sectors where the level of work from clients in this area slowed down markedly. To counter this, the company has focussed on the education and health care sectors and has been successful in securing a number of projects in these sectors.</p>
<b>Review of Financial Position (Balance Sheet)</b>	<p>Total assets decreased from 30 June 2010 to 30 June 2011, contributed to by lower cash reserves and trade debtors. The lower cash reserves were impacted by the payment of a \$1,600,000 dividend and an increase in loans to related parties despite having to write off a \$500,000 loan to Premier Developments Pty Ltd as it was placed into Receivership. The lower level of trade debtors was contributed to by the reduced revenue base.</p> <p>Total liabilities increased from 30 June 2010 to 30 June 2011, impacted by higher trade creditors and loans from related parties. The latter was required in order to support the negative cash flow from operations.</p> <p>The equity position decreased from 30 June 2010 to 30 June 2011, impacted by the loss incurred in the past year and the declaration of a \$1,600,000 dividend.</p> <p>The company's gearing position increased (deteriorated) from 30 June 2010 to 30 June 2011 and was observed as being worse than the industry median.</p>

<p><b>Review of Working Capital/Cash Flow</b></p>	<p>The subject had current assets of \$8,111,305 and current liabilities of \$8,498,830 at 30 June 2011. From this, the company had a deficiency in working capital of \$387,525 with a current ratio of 0.95.</p> <p>The working capital position has shown a deteriorating trend in the past 4 years, with a significant deterioration to a deficiency at 30 June 2011. The subject was observed as remaining worse than the industry median.</p> <p>Operating activities generated a net cash outflow of \$724,931 in 2011, compared with an inflow of \$528,665 in 2010.</p> <p>The subject had cash reserves of \$40,819 at 30 June 2011 (2010: \$344,082).</p>
<p><b>Outlook</b></p>	<p>Mr Thompson advised that the subject has been adversely impacted by the global financial crisis, which has seen a drop-off in tender opportunities. This has been most evident from private sector clients and in particular development work in the multi-unit residential sector. A number of projects that were in the pipeline have either been cancelled or put on hold as clients have been unable to arrange finance or a lack of demand.</p> <p>Premier Developments Pty Ltd, the property development arm of the group, was placed into Receivership in late 2010, with Mr Thompson noting that has caused significant disruption as it traditionally accounted for 20% to 30% of the subject's workload. The subject has had to seek other revenue sources/clients. Given the uncertainty in the private sector noted above, this has made it difficult. A number of small government projects have however been secured.</p> <p>The subject has reduced staff numbers and operating costs where possible while capital expenditure has been put on hold. Given the reduced level of work in hand, revenue for the year ending 30 June 2012 is forecast to drop to \$65,000,000 with a pre-tax profit of \$200,000. The subject was hopeful of returning to profit however, it will be highly dependent on securing additional projects in the second half of the year. Margins remain tight although the company is benefitting somewhat from lower subcontractor prices as they too are reducing their quotes in order to secure work.</p>
<p><b>Funding</b></p>	<p>The subject is funded by a mixture of cash generated by its operating activities, loans from related parties and various debt facilities provided by National Australia Bank Limited.</p> <p>The subject has access to the following facilities:</p> <ul style="list-style-type: none"> <li>* \$2,000,000 overdraft facility</li> <li>* \$7,000,000 in bank guarantees</li> <li>* \$3,000,000 in commercial bills</li> <li>* \$2,000,000 in equipment financing</li> <li>* \$2,000,000 insurance bond facility</li> </ul>
<p><b>Capacity</b></p>	<p>Following a review of the financial data obtained, the subject fails to meet the minimum desired financial criteria for the annualised exposure of the contract in question.</p> <p>The company has a deficiency in working capital, which is considered unsatisfactory for the contract in question. It is also noted that the subject commenced 2 projects in the past week totalling \$8.96m and if the contract in question is also included, this may place further strain on the company's already weak liquidity position during the start-up phase of the contracts.</p> <p>Net tangible worth, although remaining at an acceptable level for the contract in question, has deteriorated significantly in the past year due to the loss incurred and the payment of a \$1,600,000 dividend.</p>
<p><b>Other Considerations</b></p>	<p>The contract represents approximately 10% of average annual sales revenue for the past 3 years and as such, is within its operating capacity. Furthermore, the subject has experience with contracts up to \$35,000,000 in value.</p>

## Summary Financial Statement

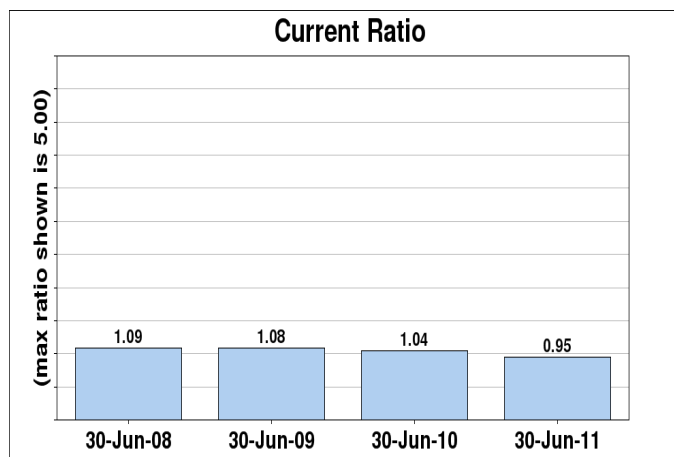
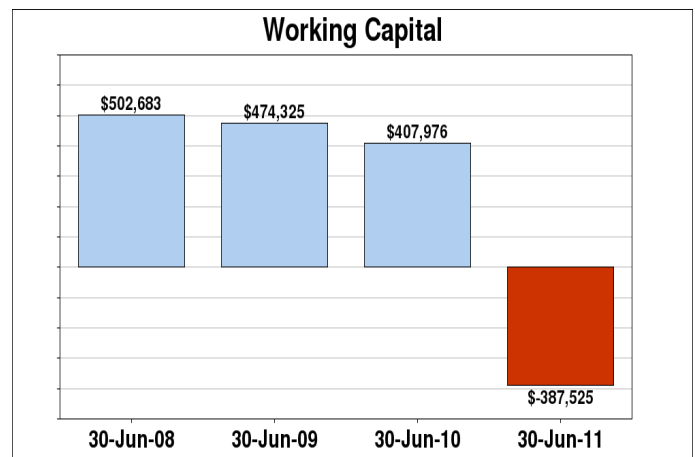
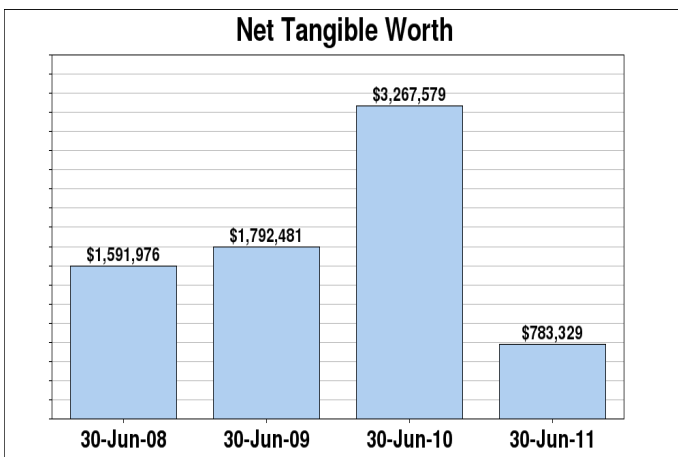
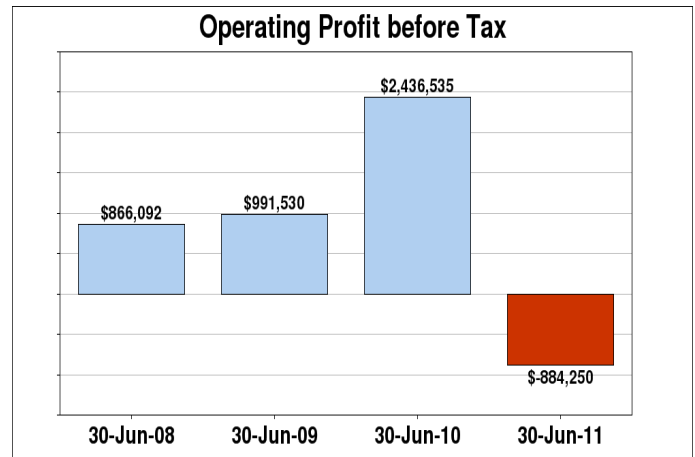
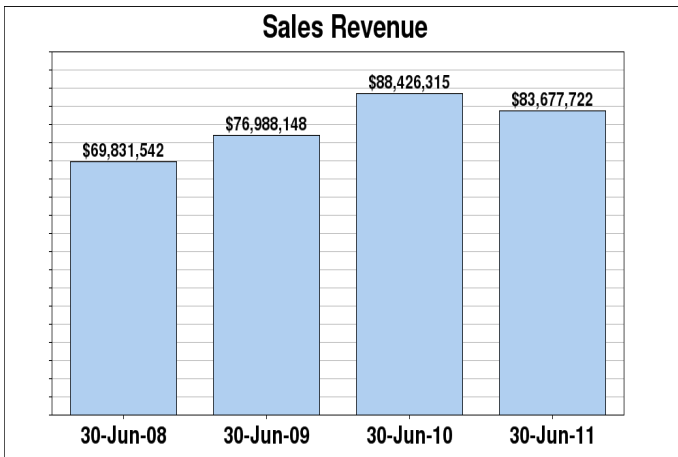
	PREMIER CONSTRUCTIONS AUSTRALIA PTY LTD	30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-08
<b>Statement of Financial Performance</b>					
	Sales Revenue	\$83,677,722	\$88,426,315	\$76,988,148	\$69,831,542
	Cost of Goods Sold	\$73,485,819	\$76,559,504	\$66,313,819	\$59,859,598
	Gross Profit	\$10,191,903	\$11,866,811	\$10,674,329	\$9,971,944
	Depreciation & Amortisation	\$192,763	\$186,485	\$259,283	\$296,181
	Finance Costs	\$216,156	\$224,554	\$198,804	\$206,523
	Profit before Tax	\$-884,250	\$2,436,535	\$991,530	\$866,092
	Profit after Tax	\$-884,250	\$1,725,098	\$700,505	\$618,043
<b>Statement of Financial Position</b>					
Assets	Trade Debtors	\$4,678,135	\$5,283,926	\$3,989,115	\$3,462,719
	Inventories	\$1,412,150	\$2,640,914	\$1,998,708	\$1,753,406
	Total Current Assets	\$8,111,305	\$9,862,238	\$6,461,609	\$5,940,831
	Non-Current Tangible Assets	\$5,342,913	\$5,095,739	\$4,487,436	\$4,282,535
	Intangibles	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
	Total Assets	\$14,454,218	\$15,957,977	\$11,949,045	\$11,223,366
Liabilities	Trade Creditors	\$7,554,217	\$6,785,554	\$4,821,740	\$4,260,915
	Total Current Liabilities	\$8,498,830	\$9,454,262	\$5,987,284	\$5,438,148
	Total Non-Current Liabilities	\$4,172,059	\$2,236,136	\$3,169,280	\$3,193,242
	Total Liabilities	\$12,670,889	\$11,690,398	\$9,156,564	\$8,631,390
Equity	Retained Earnings	\$1,533,329	\$4,017,579	\$2,542,481	\$2,341,976
	Total Equity	\$1,783,329	\$4,267,579	\$2,792,481	\$2,591,976

## Key Ratios

PREMIER CONSTRUCTIONS AUSTRALIA PTY LTD	30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-08
<b>Balance Sheet</b>				
Net Tangible Worth	\$783,329	\$3,267,579	\$1,792,481	\$1,591,976
Working Capital	<b>-\$387,525</b>	\$407,976	\$474,325	\$502,683
Working Capital to Sales	<b>-0.46%</b>	0.46%	0.62%	0.72%
Reinvestment	10.61%	25.18%	21.28%	20.87%
<b>Profitability Ratios</b>				
Gross Profit Margin	12.18%	13.42%	13.86%	14.28%
Net Profit Margin	<b>-1.06%</b>	2.76%	1.29%	1.24%
Return on Assets	<b>-4.62%</b>	16.68%	9.96%	9.56%
Return on Equity	<b>-49.58%</b>	40.42%	25.09%	23.84%
<b>Liquidity Ratios</b>				
Current Ratio (Times)	0.95	1.04	1.08	1.09
Quick Ratio (Times)	0.79	0.76	0.75	0.77
Debtors Turnover (Days)	20.41	21.81	18.91	18.10
Creditors Turnover (Days)	37.52	32.35	26.54	25.98
<b>Debt Ratios</b>				
Gearing	87.66%	73.26%	76.63%	76.91%
Debt to Equity	710.52%	273.94%	327.90%	333.00%
Leverage (Times)	-26.66	4.11	6.32	6.31
Interest Coverage (Times)	-3.09	11.85	5.99	5.19
<b>Financial Capacity</b>				
Contract Value	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000
Annualised Contract Value	\$6,800,000	\$6,800,000	\$6,800,000	\$6,800,000
Sales Revenue to Annualised Contract Value (Times)	12.31	13.00	11.32	10.27
Working Capital to Annualised Contract Value	<b>-5.70%</b>	6.00%	6.98%	7.39%
Net Tangible Worth to Annualised Contract Value	11.52%	48.05%	26.36%	23.41%

Note: Where year to date financials have been used, ratios that have been derived using figures from the Profit & Loss Account may not provide an accurate representation of the subject. In these cases, reference should be made to the prior year ratios, which are based on full year figures.

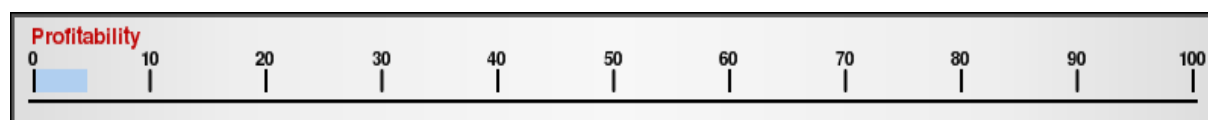
## Trend Charts



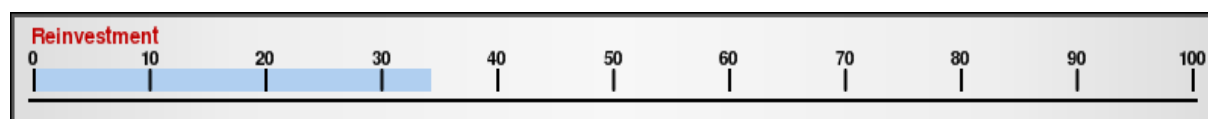
## Industry Position

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.

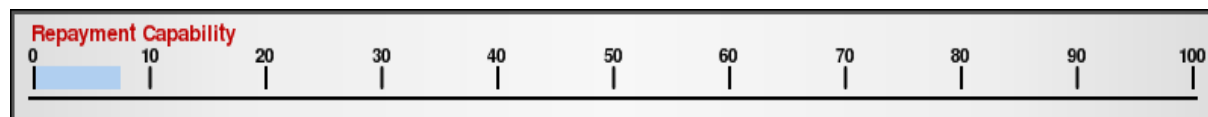
The following percentile bar charts outline the financial health of the entity relative to its industry sector. Industries are determined according to the Australian and New Zealand Standard Industry Classification (ANZSIC) scheme. There is further segmentation based on the net asset position of the organisation. In all circumstances the longer the blue bar the stronger the entity relative to its peers.



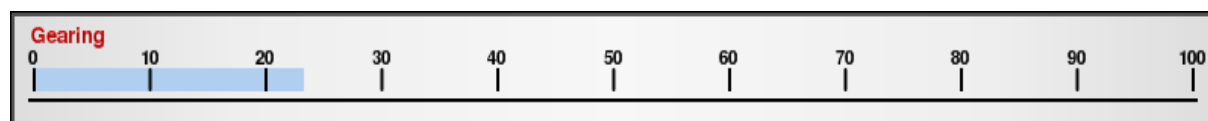
**Profitability** reflects the current year's level of profit which remains for reinvestment into the business to fund improvements and future growth.



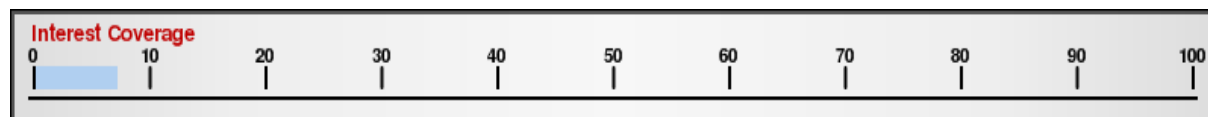
**Reinvestment** reflects the accumulated level of profit that has been reinvested into the business over time to fund future growth.



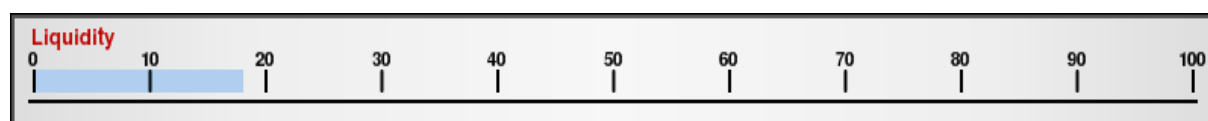
**Repayment Capability** reflects the organisation's ability to meet outstanding debt and obligations from business profits.



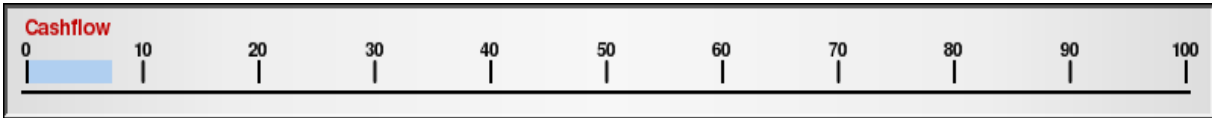
**Gearing** reflects the proportion of total assets funded by total external liabilities.



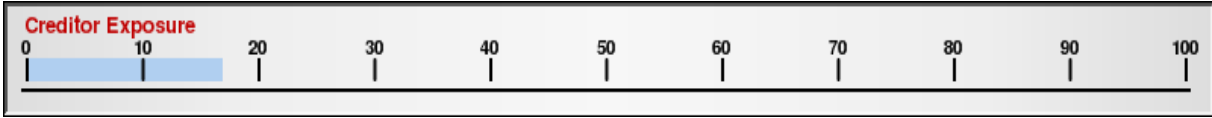
**Interest Coverage** reflects the organisation's level of profits that are available to meet its interest expense obligations.



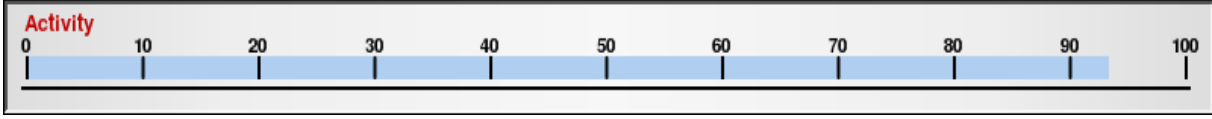
**Liquidity** reflects the organisation's level of liquid assets that would be available to meet short term cash commitments.



**Cashflow** reflects the level of cash that is generated from trading activity that is available for short term cash commitments.



**Creditor Exposure** reflects the organisation's ability to manage cash flow and the reliance on creditors in funding cashflow.



**Activity** reflects the efficiency of management in generating and growing sales from the asset base of the organisation.

## Work in Progress and Completed Contracts

### Current Contracts

Client	Description	Value	Start Date	Completion Date	% Complete
Platinum Investments Pty Ltd	30 bed nursing home, Hornsby	\$5,375,900	Jan 2011	Mar 2012	61%
Golden Properties Pty Ltd	10 townhouses, Bronte	\$3,090,500	Feb 2011	Dec 2011	78%
Department of Education	Manly High School administration building	\$7,245,000	Apr 2011	Mar 2012	45%
Department of Education	Multi-purpose hall, Campbelltown High School	\$3,150,000	Jul 2011	Apr 2012	22%
Newcastle City Council	Adamstown Library	\$2,599,000	Sep 2011	Jun 2012	1%
Superior Investments Pty Ltd	50 bed aged care facility, Melbourne	\$6,365,000	Sep 2011	Sep 2012	1%
Department of Health	North Shore Hospital, Robina	\$6,379,500	Oct 2010	Nov 2011	79%

### Completed Contracts

Client	Description	Value	Start Date	Completion Date
Smith Transport Pty Ltd	Warehouse, Blacktown	\$4,769,000	Jul 2009	Jun 2011
Billing Properties Pty Ltd	10 residential units, Manly	\$5,099,000	May 2010	Jun 2011
St Patrick's College	New school administration building	\$5,450,000	Dec 2009	Feb 2011
Premier Developments Pty Ltd	Commercial & retail complex, Parramatta	\$10,950,000	Feb 2009	Jul 2010
Liverpool Properties Pty Ltd	Liverpool Office Park, Liverpool	\$35,200,000	Feb 2009	Nov 2010
Department of Education	Williams High School administration building	\$6,250,000	Jul 2010	May 2011
Premier Developments Pty Ltd	4 storey office complex, Penrith	\$9,516,000	Jan 2009	Apr 2010



## Payments to Key Suppliers and Subcontractors

### Key Suppliers

Purchases (per month)	Item Type	Credit Limit	Terms (days)	Pays (days)	Since	Comment
up to \$100,000	Steel mesh	\$500,000	60	75	1996	Acceptable
\$150,000	Construction materials	\$500,000	30	50 to 60	2001	Slow, requires chasing
\$30,000	Equipment hire	\$75,000	30	45 to 50	Mar 1999	Slow in recent months

### Subcontractors

Average Amount	Service	Terms (days)	Pays (days)	Since	Comment
up to \$50,000	Formwork contractor	30	45	2004	Slow but acceptable
\$200,000 to \$500,000	Electrical contractor	30	35 to 45	May 2000	Satisfactory
\$100,000 to \$200,000	Plumbing contractor	30	40 to 50	Jun 2002	Slow in past 6 months

## Registered Charges and Securities

### Current Charges

ASIC Charge Number	Date Registered	Date Created	Status	Type	Chargee/Trustee
123456	27 Oct 2008	10 Oct 2008	Registered	Both Fixed & Floating	NATIONAL AUSTRALIA BANK LIMITED
100749	16 May 2005	15 Apr 2005	Registered	Fixed	ESANDA FINANCE CORPORATION LIMITED

### Satisfied Charges

ASIC Charge Number	Date Registered	Date Created	Status	Type	Chargee/Trustee
86921	21 Aug 2003	14 Jul 2003	Satisfied	Both Fixed & Floating	COMMONWEALTH BANK OF AUSTRALIA

## Adverse Check

Action Date	Action Type	Amount	Creditor	Plaint Number	Court Type	Status
16 Mar 2011	Payment default	\$14,735	HIGHRISE SCAFFOLDING PTY LTD	147261	Magistrates Court	Paid: 24 Jun 2011
20 Jun 2011	Court Writ	\$9,650	SYDNEY CONCRETING COMPANY PTY LTD	272538	District Court	Paid: 16 Jul 2011
19 Jul 2011	Payment default	\$11,852	PIONEER HARDWARE PTY LTD	328179	Magistrates Court	Paid: 06 Aug 2011

## Referee Checks

Client Name:		St Patrick's College
Contact Name:		Bill Andrews
Telephone/Mobile:		0414 678 987
Contract Type/Goods or Services provided:		Construction
Category	Rating	Comment
<b>TIME MANAGEMENT</b> - Ability to keep project on time and overcome delays from unanticipated events or external sources.	5	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.
<b>STANDARD OF WORK</b> - As measured against specifications & KPIs. Any remedial work required. Performance during defects liability period, if applicable.	7	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.
<b>WORKPLACE HEALTH &amp; SAFETY</b> - Compliance with safety issues according to Acts and ability to control subcontractors to ensure the same. Number of infringement notices.	5	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.
<b>CLAIMS FOR VARIATIONS, DISPUTES</b> - Number and frequency. Ability to submit claims with correct supporting evidence.	3	The bad weather during the project impacted on the company's profit & may have been the main reason behind a number of claims that were mostly disallowed due to a lack of supporting evidence or documentation. Claim negotiations were amicable.
<b>QUALITY ASSURANCE</b> - Level of compliance with required QA standard and project quality plan. Number of non-conformance items.	8	Complied with all quality requirements of the project.
<b>DOCUMENTATION</b> - Ability to maintain proper records of the project. Timely provision of information such as drawings, reports or other documentation.	6	Apart from the lack of adequate supporting documentation for some of its variation claims, the company generally provided all paperwork, drawings etc promptly.
<b>INDUSTRIAL RELATIONS / STAFF MANAGEMENT</b> - Ability to properly manage and negotiate industrial relations matters.	8	No industrial relations issues arose during the contract & the company exercised good management of its on-site personnel.
<b>ENVIRONMENTAL MANAGEMENT</b> - Ability to take proper measures to control any damage, harm or threats to the environment.	8	Recycled and environmentally friendly materials were used where possible.
<b>SUBCONTRACTOR MANAGEMENT</b> - Competence in managing both on-site and off-site subcontractors, suppliers and consultants. Ensure timely payment of suppliers and subcontractors & delivery of goods/materials.	8	Good choices for both subcontractors & suppliers. The company demonstrated strong leadership in this area.
<b>CO-OPERATION LEVEL</b> - 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.	7	Despite the loss of time due to inclement weather & accompanying claims, the company proved co-operative during the course of the project & all parties were kept informed of developments, ensuring good working relations on & off site.

<b>OVERALL RATING: GENERAL COMMENTS &amp; IMPROVEMENT AREAS</b>	6	Referee advised that the subject generally proved to be a competent contractor, delivering a new \$5.5m administration building in early 2011. The project encountered delays and was ultimately completed 4 weeks behind schedule. Standard of work was good while the company was for the majority of the time safety conscious as the project was undertaken during the school year. There were however 2 infringement notices for minor violations. Subcontractors were well managed. The referee expressed disappointment however in the number of variation claims lodged and lack of supporting documentation.
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Client Name:		Department of Education
Contact Name:		Warren King
Telephone/Mobile:		(02) 9888 4567
Contract Type/Goods or Services provided:		Construction
<b>Category</b>	<b>Rating</b>	<b>Comment</b>
<b>TIME MANAGEMENT</b> - Ability to keep project on time and overcome delays from unanticipated events or external sources.	8	The subject exhibited good project scheduling skills. The project was well resourced and was completed on time.
<b>STANDARD OF WORK</b> - As measured against specifications & KPIs. Any remedial work required. Performance during defects liability period, if applicable.	8	Standard of workmanship was high with only minor defects that were promptly rectified.
<b>WORKPLACE HEALTH &amp; SAFETY</b> - Compliance with safety issues according to Acts and ability to control subcontractors to ensure the same. Number of infringement notices.	7	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.
<b>CLAIMS FOR VARIATIONS, DISPUTES</b> - Number and frequency. Ability to submit claims with correct supporting evidence.	5	A number of variation claims were lodged with the majority rejected as they were not supported with the correct documentation. The subject is however amicable in its negotiations.
<b>QUALITY ASSURANCE</b> - Level of compliance with required QA standard and project quality plan. Number of non-conformance items.	7	The company met the quality assurance requirements of the project.
<b>DOCUMENTATION</b> - Ability to maintain proper records of the project. Timely provision of information such as drawings, reports or other documentation.	7	The company generally provided all necessary paperwork and supporting documentation promptly (apart from variation claims).
<b>INDUSTRIAL RELATIONS / STAFF MANAGEMENT</b> - Ability to properly manage and negotiate industrial relations matters.	9	There were no IR issues & the company had very good staff management policies.
<b>ENVIRONMENTAL MANAGEMENT</b> - Ability to take proper measures to control any damage, harm or threats to the environment.	3	Waste spilled into an adjoining creek and the subject was required to carry out remediation work.

<p><b>SUBCONTRACTOR MANAGEMENT -</b>                  Competence in managing both on-site and off-site subcontractors, suppliers and consultants. Ensure timely payment of suppliers and subcontractors &amp; delivery of goods/materials.</p>	<p>8</p>	<p>Good choice of subcontractors &amp; suppliers. Site inductions were carried out and they worked in well with the head contractor.</p>
<p><b>CO-OPERATION LEVEL -</b> 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.</p>	<p>7</p>	<p>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.</p>
<p><b>OVERALL RATING: GENERAL COMMENTS &amp; IMPROVEMENT AREAS</b></p>	<p>7</p>	<p>The subject completed a new \$6.25m administration building at Williams High School in 2011. The project was well resourced and was delivered on time. The quality of the finish was good and the company was co-operative and responsive throughout. There was an issue with building waste spilling into an adjoining creek however, this was promptly rectified. An area for improvement is the provision of supporting documentation for variation claims.</p>

## Key Ratios Notes

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.

Ratio	Calculation	Definition
<b>Balance Sheet Ratios</b>		
Working Capital	Current Assets - Current Liabilities	Measure of an entity's ability to meet short term liabilities. The higher the figure the better however, must understand the types of current assets the entity has and how quickly they can be converted into cash to meet current liabilities. A negative figure can indicate cash flow/liquidity issues.
Net Tangible Worth	Shareholders Equity - Intangibles	Measure of an entity's physical worth minus any value derived from intangible assets such as goodwill, patents, intellectual property, etc. The higher the figure the better.
Working Capital to Sales	(Working Capital / Sales Revenue) x 100	Measures how effectively an entity is using its working capital to generate sales. If the figure is too high, it can indicate the entity is not efficiently using its balance sheet while a low figure may indicate overtrading.
Reinvestment	(Retained Profits / Total Assets) x 100	Measures the accumulated level of profit reinvested into an entity over time to fund its future growth. The higher the figure the better. A negative figure can indicate the need for external funding to support operations.
<b>Profitability Ratios</b>		
Gross Profit Margin	(Gross Profit / Sales Revenue) x 100	Measure used to assess an entity's ability to turn a dollar of revenue into profit after cost of goods sold has been accounted for. The higher the figure the better. A negative figure can indicate poor costing procedures.
Net Profit Margin	(Profit before Tax / Sales Revenue) x 100	Measure of how much out of every dollar of revenue an entity retains in earnings. A higher figure indicates a more profitable entity that has better control over its costs compared to its competitors.
Return on Assets	(Profit before Interest & Tax / Total Assets) x 100	Measure of how profitable an entity is relative to its total assets. Provides a useful guide as to how efficient the entity is at using its assets to generate a profit.
Return on Equity	(Profit after Tax / Shareholders Equity) x 100	Measure used to assess an entity's efficiency in generating additional profit from every unit of shareholders equity. The higher the figure the better.
<b>Liquidity Ratios</b>		
Current Ratio	Current Assets / Current Liabilities	Measures whether an entity has sufficient resources to pay its debts over the next 12 months. If the ratio is too high, it may indicate the entity may not be efficiently using its current assets. A low value (ie less than 1) may indicate the entity could have difficulty meeting its short term obligations. A low value however may not indicate a critical problem if the entity has good long-term prospects or assets as it may be able to raise funds to meet current obligations.
Quick Ratio	(Current Assets - Inventories) / Current Liabilities	Measure of an entity's ability to use its near cash or quick assets to meet short term liabilities. This ratio is more conservative than the current ratio as it excludes inventories, which are considered the least liquid current asset. The quick ratio therefore measures a worst case scenario ability to meet obligations.
Debtors Turnover	(Trade Debtors / Sales Revenue) x 365	Measures the number of days on average that it takes an entity to receive payment for what it sells. The lower the number the better. An especially high number can be a sign of inefficiency/collection problems and place pressure on cash flow.
Creditors Turnover	(Trade Creditors / Cost of Goods Sold) x 365	Measures the number of days on average that it takes an entity to pay its creditors. A low figure signifies that creditors are being paid promptly, which enhances the credit worthiness of the entity. An entity that is slow to pay its bills (over 90 days) may indicate cash flow problems or is trying to finance its operations with its suppliers funds.

Ratio	Calculation	Definition
<b>Debt Ratios</b>		
Gearing	$(\text{Total Liabilities} / \text{Total Assets}) \times 100$	Measures the proportion of total debt outstanding relative to an entity's total assets. Used to indicate an entity's longer term stability, in particular its ability to meet debts from its asset base. The lower the percentage, the better is the ability to cover debt from assets. A high gearing is generally considered speculative.
Debt to Equity	$(\text{Total Liabilities} / \text{Shareholders Equity}) \times 100$	Measures the proportion of capital invested by the entity's owners to the funds provided by external lenders/creditors. A high ratio generally means that the entity has been aggressive in financing its growth with debt.
Leverage	$\text{Total Liabilities} / (\text{Profit before Interest, Tax \& Depreciation})$	Measures an entity's proportion of operating profit that is used to pay its liabilities. Entities that are highly leveraged may be at risk of failure and may also be unable to find new lenders.
Interest Coverage	$(\text{Profit before Tax} + \text{Interest Expense}) / \text{Interest Expense}$	Measures an entity's level of profits that are available to meet its interest expense. Very important from a lender's point of view as it indicates the number of times interest is covered by profit. A high ratio provides greater assurance of regular interest payments. A low ratio could create problems to the entity in raising funds.