

## ANALYTICAL REPORT

SUMMARY: -

**REGISTERED NAME:** DMS GROUP TIMBERS PTY LTD

**SUMMARY: -** Engaged in import, export, manufacture and wholesale of various timber products.

Subject was incorporated on 28<sup>th</sup> July, 1920 in NSW and has been under present ownership since that time.

Issued Shares – 60,689, Paid To \$118,944.10

The subject is a member of a larger group operation.

Recent payment history show accounts to \$1.0 million per month, terms 30 days, paying 30 – 45 days

**DMS RISK RATING ASSESSMENT:** 48

**Thank you for your Order; the detailed Report follows.**  
**DMS Group**

**REGISTERED NAME:** DMS GROUP TIMBERS PTY LTD

**AUSTRALIAN BUSINESS NUMBER:** 29 060 009 774

**OTHER TRADING NAME(S):** Nil

**REGISTERED ADDRESS:** Trenayr Road,  
JUNCTION HILL NSW 2460

**HEAD OFFICE ADDRESS:** Trenayr Road,  
JUNCTION HILL NSW 2460

**DATE OF INCORPORATION or ESTABLISHMENT OF BUSINESS:** 28<sup>th</sup> July, 1920 in NSW

**DIRECTORS:** See below

**SECRETARY:** See below

**ULTIMATE PARENT COMPANY:** VVVVVVV & SONS PTY LTD  
Trenayr Road,  
JUNCTION HILL NSW 2460

**PAID CAPITAL:** Issued Shares – 60,689, Paid To \$118,944.10

**SHAREHOLDERS:** See below

**TELEPHONE NUMBER:** 02 6644 0900

**FAX NUMBER:** 02 6643 3328

**WEB SITE:** [www.dmsgrouptimbers.com.au](http://www.dmsgrouptimbers.com.au)

**EMAIL:** [orders@dmsgrouptimbers.com.au](mailto:orders@dmsgrouptimbers.com.au)

**CHANGE OF NAME:** Not applicable

**FINANCIAL YEAR END:** 2007

**FINANCIALS:** Are lodged

**AUDITORS:** Changed from Hudson Shepherd & Partners  
To Rutherfords  
82 Victoria Street,  
GRAFTON NSW 2460

<b>TYPE OF BUSINESS:</b>	Importer, Exporter, Manufacturer and Wholesaler of timber and timber products
<b>SALES:</b>	Year ending 30 <sup>th</sup> June, 2006 \$86 million
<b>PAYMENTS:</b>	Refer "Trading"
<b>LEGAL ACTIONS / DEFAULTS:</b>	Nil recorded
<b>EMPLOYEES:</b>	Approximately 250 within the group
<b>BANK:</b>	Bank of New Zealand Head Office Queen Street, BRISBANE QLD (National Australia Bank)  The bank holds a Registered Charge over company assets. Please refer to the REGISTERED CHARGE section for details.
<b>DIRECT PARENT COMPANY:</b>	<b>DMS Group &amp; SONS PTY LTD</b>
<b>SUBSIDIARIES:</b>	<b>DMS TIMBER PRODUCTS PTY LTD DMS GROUP TIMBER VENEER PTY LTD</b>
<b>SISTER COMPANIES:</b>	<b>Not known</b>

*If you would you like a Report prepared on related company/companies please advise.*

## OPERATIONS:

### General:

Operations are conducted from the following locations:

### New South Wales

#### Grafton Mill & Export

Trenayr Road Junction Hill New South Wales, 2460

Phone: (02) 6644 0900

Fax: (02) 6643 3328

Email: [orders@dmsgrouptimbers.com.au](mailto:orders@dmsgrouptimbers.com.au)

#### Sydney

27 Penny Place Arndell Park New South Wales, 2148

Phone: (02) 8992 5555

Fax: (02) 8992 5500

Email: [sydney@dmsgrouptimbers.com.au](mailto:sydney@dmsgrouptimbers.com.au)

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#### Credit Reporting, Debt Recovery, Credit Insurance, Credit Management Consultancy

Head Office: Suite 7, 37-43 Alexander Street CROWS NEST SYDNEY NSW 2065

P O Box 1547, CROWS NEST, SYDNEY NSW 1585 AUSTRALIA

Phone: +61 2 9438 4133 Fax: +61 2 9438 4033

Website: [www.dmsgroup.net](http://www.dmsgroup.net) Email: [reports@dmsgroup.net](mailto:reports@dmsgroup.net)

**Ther Branches in Queensland (Brisbane & Townsville), Victoria (Melbourne), and Western Australia (Perth).**

### **Our Company Today**

With over 100 years in the timber industry, DMS Group Timbers is today, one of NSW largest private timber manufacturing and marketing businesses, with a diverse business servicing all Australian States and many international projects.

Manufacturing operations are still headquartered at Grafton in northern NSW employing some 130 local people, where a range of hardwood and pine resource is processed into various timber products. The modern rotary veneer factory is Australia's only processor of hardwood resource, meaning the specialty formply and all eucalypt plywood products are truly unique. A range of engineered hardwood flooring and decorative panel products capture the beauty of Australian hardwood, through the highly efficient use of this precious resource.

The Company also owns and manages sales and distribution outlets in Sydney, Brisbane, Townsville, Melbourne and Perth, servicing the construction and building industry as well as the manufacturing sector with a diverse range of timber products and other associated construction materials. These products are sourced from both our own manufacturing facility, as well as many of Australian's leading manufacturers of timber and building products. These operations employ some 70 staff, giving DMS Group Timbers a fully integrated position from the sourcing of logs from State Forests of NSW, right through to the sale of the finished product to the final end customer.

DMS Group Timbers provides customers with the security of a full support network, and technical expertise at every stage of the product lifecycle. This is the guarantee of quality and service that DMS Group Timbers has based it's 100 years of success on.

The subject exports to the Middle East and Asia with this mainly being wood products being manufactured plywood floors and this trend is increasing and amounts to approximately 5% - 10% of sales.

The subject throughout the year imports in excess of \$6.0 million worth of materials from Asia and Europe and these are paid for on 30 day credit terms. These are for the commercial building industry.

All sales are to the commercial building industry being mainly builders.

As stated, branches are located in Grafton, Townsville, Brisbane, Sydney, Melbourne and Perth.

In our investigation with the Financial Controller/Company Secretary MR JAMES SMITT, he confirmed that the subject has set up a sales and warehouse facility in AUCKLAND, NEW ZEALAND to obtain growth in an untapped market on the commercial side of the building industry in NEW ZEALAND and this is also including formwork.

The subject was previously exporting some \$50,000 worth of materials to NEW ZEALAND but with the advent of the sale warehouse being set up in AUCKLAND, NEW ZEALAND, anticipated sales for the first 12 months of operations were given at \$1.5 million, at least doubling that in the next 12 months after that.

### **BACKGROUND:**

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The subject was incorporated in New South Wales on the 28<sup>th</sup> July, 1920, being an Australian Proprietary Company, limited by shares.

Issued Shares – 60,689, Paid To \$118,944.10

**Shares** are held as follows:

<b>SAMSON, Robert David</b> 16 Koloona Drive, EMU PLAINS NSW 2750	<b>100 AM Class Shares</b>
<b>McArthur, David Allen</b> 987 Edinburgh Drive, BETHANIA QLD 4205	<b>100 BM Class Shares</b>
<b>BROWN PTY LTD</b> 14 Miller Street, GRAFTON NSW 2460	<b>100 D Class Shares</b>
<b>ASCO PTY LTD</b> 42 Forbes Street, NEWTOWN NSW 2042	<b>100 D Class Shares</b>
<b>ASTRA PTY LTD</b> 47 Albion Street, SURRY HILLS NSW 2010	<b>100 D Class Shares</b>
<b>ARI PTY LTD</b> 30 Balfour Street, LINDFIELD NSW 2070	<b>100 D Class Shares</b>
<b>DMS NOMINEES PTY LIMITED</b> 33 Hamel Crescent, EARLWOOD NSW 2206	<b>100 D Class Shares</b>
<b>SHEIN, Richard John</b> 95 John Street, WOOLLAHRA NSW 2025	<b>181 D Class Shares</b>
<b>BROWN, James Francis</b> 6 Breimba Street, GRAFTON NSW 2460	<b>100 FC Class Shares</b>
<b>MARTIN, Bartolo</b> 13 Ireland Street, SEAFORD VIC 3198	<b>100 MM Class Shares</b>
<b>DMS &amp; SONS PTY LTD</b> Trenayr Road, JUNCTION HILL NSW 2460	<b>59,408 Ordinary Shares</b>
<b>SINDON, James Bernard</b>	<b>100 S Class Shares</b>

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8 Miller Street,  
GRAFTON NSW 2460

**TELPH, Brian**  
7 Elata Place,  
ORCHARD HILLS NSW 2748

**100 SM Class Shares**

The above information is in accordance with the latest Company Statement (Annual) lodged with the Australian Securities and Investments Commission as at report date.

Company operations commenced in the 1900's.

**Directors'** information in detail is as follows:

**SMITT, Charles Patrick**  
22 Thurlow Avenue,  
NELSON BAY NSW 2315

**SMITT, Denis William**  
46 Forbes Street,  
NEWTOWN NSW 2042

**SMITT, Kyran Thomas**  
14 Miller Street,  
GRAFTON NSW 2460

**SHEIN, Richard John**  
95 John Street,  
WOOLLAHRA NSW 2025

**LAND, David Derrick**  
30 Balfour Street,  
LINDFIELD NSW 2070

**SMITT, Mary Lynne**  
33 Hamel Crescent,  
EARLWOOD NSW 2206

**SINDON, James Bernard**  
8 Miller Street,  
GRAFTON NSW 2460

W.W.R.N.

**REGISTERED CHARGES OVER SUBJECT'S ASSETS:**

It is important to note that since this office undertook an investigation on the subject in May 2006, two further registered charges/debentures have been lodged by the National Australia Bank both fixed with one in April 2006 and the other in May 2006.

The following has been recorded:

ASIC No 8385 dated 21<sup>st</sup> June, 1988 in favour of National Australia Bank Limited as a fixed and floating charge.

ASIC No 1297137 dated 28<sup>th</sup> April, 2006 in favour of National Australia Bank Limited as a fixed charge.

ASIC No 1302404 dated 22<sup>nd</sup> May, 2006 in favour of National Australia Bank Limited as a fixed charge.

**Should you require details of the above Charge, a Registered Charge Search can be undertaken.**

## FINANCES:

Consistent with amendments to the Corporations Law by the First Corporate Law Simplification Act 1995, the subject is required to lodge financial statements with the Australian Securities & Investment Commission with full financials lodged with the Australian Securities & Investment Commission as at 30<sup>th</sup> June, 2005 but not yet processed.

Records disclose the following inquiries in relation to finance applications - for prior details please advise:

## Credit Enquiries – last 12 months:

10 <sup>th</sup> August, 2006	CGU Premium Funding VIC	
28 <sup>th</sup> June, 2006	Baycorp Advantage BIS NZ	
26 <sup>th</sup> June, 2006	ITW Buildex	\$ 5,000
21 <sup>st</sup> June, 2006	Boral BLDG Services VIC	
16 <sup>th</sup> June, 2006	Tech Rentals Pty Ltd VIC	
16 <sup>th</sup> June, 2006	Pinewood Products QLD	\$ 5,000
13 <sup>th</sup> March, 2006	Gold Coast Timber & Trusses	\$20,000
27 <sup>th</sup> February, 2006	Onesteel Trading Pty Ltd	
24 <sup>th</sup> February, 2006	Koppers Timber Preservation NSW	\$10,000
14 <sup>th</sup> February, 2006	Auslec VIC	
4 <sup>th</sup> January, 2006	Hyne & Son Pty Ltd	
30 <sup>th</sup> November, 2005	DMS Group Timbers VIC	
23 <sup>rd</sup> November, 2005	Baycorp Advantage BIS NZ	
31 <sup>st</sup> October, 2005	Aust Business Research QLD	
18 <sup>th</sup> October, 2005	BP Aust. Commercial	
30 <sup>th</sup> September, 2005	TAS Collection Services Credit	\$ 5,000
22 <sup>nd</sup> September, 2005	Gunns Ltd	
2 <sup>nd</sup> September, 2005	Amcor Fibre Packaging	\$20,000
30 <sup>th</sup> August, 2005	Aust Business Research QLD	
25 <sup>th</sup> July, 2005	Commander Aust.	\$ 2,558
8 <sup>th</sup> July, 2005	Commander Aust.	\$ 3,557
27 <sup>th</sup> June, 2005	Hume Doors & Timber (QLD) Pty Ltd	
23 <sup>rd</sup> May, 2005	Cashflow Finance Aust.	
6 <sup>th</sup> April, 2005	Boral Formwork & Scaffolding Q	
2 <sup>nd</sup> March, 2005	Courier Newspapers NSW	
3 <sup>rd</sup> February, 2005	Hardwoods Australia Pty Ltd	

## INVESTIGATION:

During our investigations, this office interviewed MR JAMES HIATT, Chief Financial Officer who provided the following limited information as at 30<sup>th</sup> June, 2006:

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* Land and Buildings owned by the subject worth	\$12 million freehold
* Motor Vehicles and Plant	\$15 million
* Stock	\$9.5 million
* Cash at Bank with the subject using overdraft facility at this present time	Minimal
* Trade Debtors	\$20 million
* Investments	\$ 1.5 million
* Trade Creditors	\$ 7.0 million
* Group Facility including Bank Overdraft, Commercial Bills, Letters of Credit, Leasing and Hire Purchase Agreements	\$33 million
Drawn Down by	\$11 million at this present time

Turnover for year ending 30<sup>th</sup> June, 2005 was given at \$75 million with a turnover of \$86 million being obtained for 2006, producing a profit after tax and interest of \$6.0 million.

Projected turnover for year ending 30<sup>th</sup> June, 2007 has been given at \$96 million.

Current trading conditions were described as being good with the subject declared solvent and in a position to meet commitments as they fall due.

A Land Titles Search has not been undertaken to ascertain if any land stands in the subject's name.  
***Please advise if you would like such search(es) undertaken.***

#### **LEGAL ACTIONS / DEFAULTS:**

Nothing of an adverse nature has been recorded against subject.

#### **TRADE REFERENCES:**

A Trade Survey conducted in subject's name traced the following accounts:

1. Account established September 1999, purchases average up to \$1.0 million per month, terms 30 days, pays 30 days.
2. Account established 1997, purchases average \$100,000 to \$300,000 per month, terms 30 days, pays 30 days.

#### **TRADE REFERENCES:**

**Continued...**



3. Account established 15 years plus, purchases were stated to be in the 6 figures however no actual figures were disclosed, terms 30 days, pays 30 days.
4. Account established April 2002, purchases average \$196,000 per month, terms 30 days, pays 30 - 45 days.
5. Account established 20 years plus, purchases average \$385,000 per month, terms 30 days, pays 30 days.
6. No response to our facsimile request to date. We will forward once a reply comes to hand.

The following comparative trading was obtained from a survey of suppliers conducted in May 2006:

1. Account established September 1999, purchases average \$500,000 per month, terms 30 days, pays 30 days.
2. Account established 1999, purchases average \$100,000 to \$250,000 per month, terms 30 days, pays 30 days.
3. Account established 1993, purchases average \$100,000 per month, terms 30 days, pays 30 days.
4. Account established April 2002, purchases average up to \$196,000 per month, terms 30 days, pays 30 - 45 days.
5. Account established 20 years plus, purchases average \$385,000 per month, terms 30 days, pays 30 days.

**THIS INFORMATION IS PROVIDED CONFIDENTIALLY  
IN RESPECT OF A COMMERCIAL CREDIT ENQUIRY**

## CREDIT RISK ASSESSMENT - NO FINANCIALS LODGED

<u>CREDIT FACTORS</u>	<u>POSSIBLE SCORE</u>	<u>SCORE</u>
<b>HISTORY</b> - Age of company, start up, acquired other business, etc	1 to 8	7
<b>PAID CAPITAL</b> - Reasonable capital commitment for business of this size, \$2 company, Unit Trust etc,	1 to 8	4
<b>SCALE/SCOPE OF OPERATIONS</b> - Number of employees, interstate/other branches, subsidiary companies etc	1 to 9	7
<b>DIRECTORS BACKGROUND</b> - Date of appointment, industry specialisation, Tertiary/professional competence, complimentary Board skills, etc	1 to 5	3
<b>FINANCE</b> - (Un)encumbered, self-funded, financed by Bank or Finance companies, credit insured, etc	1 to 10	7
<b>TRADE REFEREES</b> - Number/size of credit references, time taken, history, referees' general comments, etc	1 to 20	17
<b>AFFILIATION (MERIT SCORE APPLIES)</b> - Sister, parent, or other group company association	1 to 5	3
<b>CREDIT INSURANCE (MERIT SCORE APPLIES)</b> - More for Whole of Turnover Insurance, intermediate for 'Top 10 or 20 accounts', less for Specific account cover	1 to 5	-
<b>SELF – ENCUMBERED (NEGATIVE SCORE APPLIES)</b> - Director or Shareholder mortgage, wife/mother or related company, vendor financed; or Supplier - very significant	-3 to -6	-
<b>LITIGATION (NEGATIVE SCORE APPLIES)</b> - Collection/legal action(s), frequency, currency, apparent values, disputed or delinquent	-1 to -4	-
<b>FACTORING DEBTS (NEGATIVE SCORE APPLIES)</b> - Debtors partially/totally funded, resource used, etc	-3 to -5	-
<b>TOTAL SCORE:</b>	60	48

**RATING & Comment:**

<b>A</b>	<b>(50-60)</b>	<b>EXCELLENT</b>	Appears to have a sound financial base with a strong capability to meet trading commitments; liquidity looks healthy
<b>B</b>	<b>(40-49)</b>	<b>GOOD</b>	<b>Apparently healthy, with adequate working capital to meet normal commitments</b>
<b>C</b>	<b>(30-39)</b>	<b>AVERAGE</b>	Appears to have average ability to meet trading commitments
<b>D</b>	<b>(20-29)</b>	<b>LIMITED</b>	Appears to have limited ability to meet commitments and some caution needs to be exercised
<b>E</b>	<b>(Below 20)</b>	<b>POOR</b>	Extreme caution needs to be exercised when dealing with this company
<b>NR</b>	<b>Not Rated</b>		Not rated due to lack of information - see 'RATING & Comment' above

This report is made available to the enquirer on the absolute understanding the information contained herein will be used solely for the purpose of granting commercial credit and will not under any circumstances be communicated to anyone outside the enquirer's employ. In accepting a report, the enquirer agrees DMS Group Pty. Ltd. and its suppliers will not be responsible for any loss or damage of any description howsoever arising. The enquirer also accepts unreservedly that data provided is obtained from 3rd parties, may not all be totally current, may be flawed or incomplete, and that it is not possible to independently verify the veracity of all such data, especially any Financial data. Without restricting the generality of the foregoing the information given is obtained from sources believed to be reliable. © DMS Group 2006