

MIRA INFORM REPORT

| | |
|----------------------|------------|
| Report No. : | 540709 |
| Report Date : | 20.11.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|---|
| Name : | TECHWOOL TRADING P/L |
| Registered Office : | 79 Gheringhap Street, Geelong Vic, 3220 |
| Country : | Australia |
| Financials (as on) : | 30.06.2017 |
| Date of Incorporation : | 02.05.1983 |
| Legal Form : | Australian Proprietary Company |
| Line of Business : | The subject operates as wool traders involved in the distribution of greasy wool to primarily export markets. |
| No. of Employees : | 34 |

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

| Credit Rating | Explanation | Rating Comments |
|---------------|-----------------|---|
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|----------------------------|---------------|
| Status : | Good |
| Payment Behaviour : | No Complaints |
| Litigation : | Clear |

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

| Country Name | Previous Rating (30.06.2018) | Current Rating (30.09.2018) |
|--------------|---------------------------------|--------------------------------|
| Australia | A1 | A1 |

| Risk Category | ECGC Classification |
|----------------------|---------------------|
| Insignificant | A1 |
| Low Risk | A2 |
| Moderately Low Risk | B1 |
| Moderate Risk | B2 |
| Moderately High Risk | C1 |
| High Risk | C2 |
| Very High Risk | D |

AUSTRALIA - ECONOMIC OVERVIEW

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the WTO, APEC, the G20, and other trade forums. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with ASEAN and New Zealand. Australia continues to negotiate bilateral agreements with Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the 10 ASEAN countries and China, Japan, Korea, New Zealand, and India.

Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas Project, will significantly expand the resources sector.

For nearly two decades up till 2017, Australia had benefited from a dramatic surge in its terms of trade. As export prices increased faster than import prices, the economy experienced continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system. Australia entered 2018 facing a range of growth constraints, principally driven by the sharp fall in global prices of key export commodities. Demand for resources and energy from Asia and especially China is growing at a slower pace and sharp drops in export prices have impacted growth.

Source : CIA

COMPANY NAME

REGISTERED NAME **TECHWOOL TRADING P/L**
T/AS LAYCOCK WOOL
ACN 006145955
ABN 69006145955

SUMMARY PANEL

Established 1983
Incorporated 1983
Line of Business Wool traders and exporters
Status Trading
Chief Executive Officer FRANKLYN, RODNEY ERNEST
Adverse Listings Nil

EXECUTIVE SUMMARY

| | Techwool Trading P/L | | |
|-------------------|-----------------------------|---------------------------|-------------------|
| | As at 30 June 2017 | As at 30 June 2016 | Change (%) |
| Revenue | \$561,865,000.00 | \$452,189,000.00 | 24.25% |
| Profit b/tax | \$5,282,000.00 | \$1,920,000.00 | 175.10% |
| Profit a/tax | \$3,652,000.00 | \$1,431,000.00 | 155.21% |
| Net Profit Margin | 0.65% | 0.32% | 0.33% |

During fiscal 2017, the subject recorded Net Cashflows from operating activities totalling \$2,795,000.

As at 30 June 2017 the subject recorded Working Capital of \$8,080,000 and a current ratio of 1.18 to 1 indicating satisfactory liquidity levels.

Net Assets totalled \$14,818,000 as at 30 June 2017.

COMPANY SUMMARY

Company Type Australian Proprietary Company
Status Registered
Incorporation Date 02 May 1983

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Total Amount Due and Payable \$0.00

CURRENT SHAREHOLDERS

| | |
|-------------------|--|
| Shareholder Name | FRANKLYN, RODNEY ERNEST |
| Address | 65 THE ESPLANADE DRUMCONDRA VIC, 3215 |
| Class | ORD |
| Number Held | 12 |
| Beneficially Held | Y |
| Fully Paid | Y |
| Jointly Held | N |

SECURITY INTERESTS

Effective 30 January 2012 the Personal Property Securities Register (PPSR) was introduced to give the different Commonwealth, State and Territory laws and registers regarding security interests in personal property under one national system.

As a result of PPS Reform a number of existing Commonwealth, State and Territory personal property security registers will close. Interests registered on existing security interest registers will be migrated to the national PPS Register. Subsequently Registered Charges are no longer lodged with the Australian Securities and Investments Commission (ASIC).

BUSINESS STRUCTURE

| | |
|-----------------|--|
| TRADING ADDRESS | 290 Boundary Road Laverton North Vic 3026 |
| POSTAL ADDRESS | PO Box 437, Laverton Vic 3028 |
| TELEPHONE | (613) 9368 8000 |
| FACSIMILE | (613) 9368 8020 |
| WEBSITE | www.techwool.com.au |
| TRADING STYLE | LAYCOCK WOOL |
| BRANCHES | HAMILTON, VIC BENALL, VIC |

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MANSFIELD, VIC
KINGSTON SE, SA
GEELONG, VIC
BIBRA LAKE, WA
GUILDFORD, NSW
DENILQUIN, NSW

BANK HSBC BANK AUSTRALIA

EMPLOYEES 34

BACKGROUND

The subject was incorporated in Victoria on 2 May 1983 under the current style.

Rod Franklyn, Managing Director founded the company in 1983 and from humble beginnings, Techwool has progressed to being one of Australia's leading wool traders.

OPERATIONS

The subject operates as wool traders involved in the distribution of greasy wool to primarily export markets.

The subject expects 99% of its product comprising of excess of 220,000 bales per year.

The subject is the largest wool buyer in Australia.

The company supplies wool to over 100 textile mills worldwide, from combing to carding to carbonising and fabric making operations.

ADVERSE

A search of on 3 September 2018 failed to trace any litigation listed against the subject at that date.

FINANCES

During the current investigation contact with the subject's financial controller was unable to be established.

Below is a summary of the subject's income results for the past two financial years.

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Techwool Trading P/L

| | As at 30 June 2017 | As at 30 June 2016 | Change (%) |
|-------------------|---------------------------|---------------------------|-------------------|
| Revenue | \$561,865,000.00 | \$452,189,000.00 | 24.25% |
| Profit b/tax | \$5,282,000.00 | \$1,920,000.00 | 175.10% |
| Profit a/tax | \$3,652,000.00 | \$1,431,000.00 | 155.21% |
| Net Profit Margin | 0.65% | 0.32% | 0.33% |

During fiscal 2017, the subject recorded Net Cashflows from operating activities totalling \$2,795,000.

As at 30 June 2017 the subject recorded total current assets of \$53,240,000. They included cash of \$743,000, receivables of \$17,254,000 and inventories of \$35,117,000.

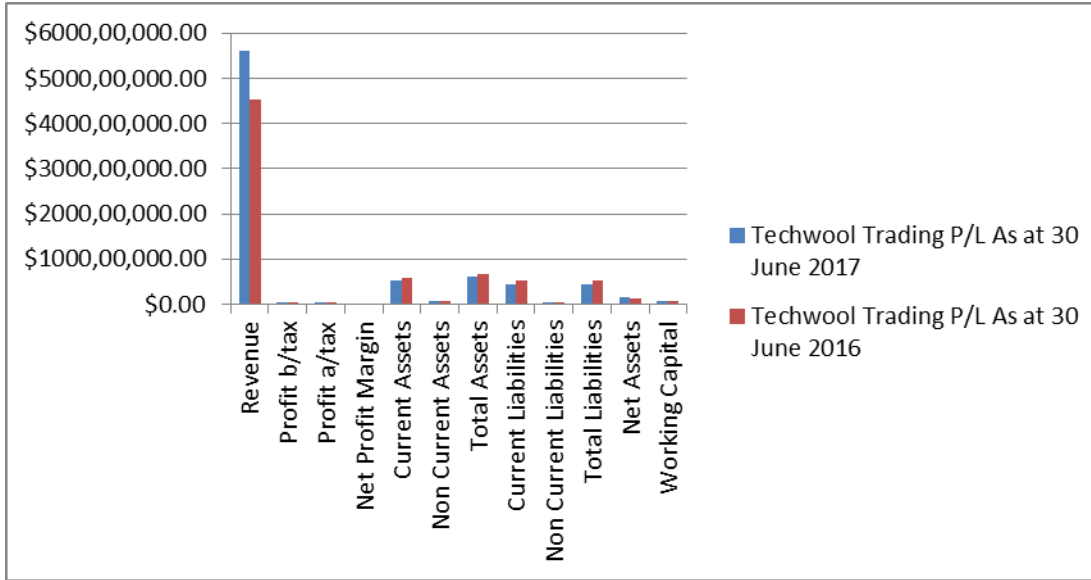
Current liabilities at the same date totalled \$45,160,000 and included payables of \$11,549,000 and financial liabilities of \$32,233,000.

As at 30 June 2017 the subject recorded Working Capital of \$8,080,000 and a current ratio of 1.18 to 1 indicating satisfactory liquidity levels.

Net Assets totalled \$14,818,000 as at 30 June 2017. At this date, the subject further recorded a Debt to Equity ratio of 3 to 1.

Techwool Trading P/L

| | As at 30 June 2017 | As at 30 June 2016 | Change (%) |
|-------------------------|---------------------------|---------------------------|-------------------|
| Revenue | \$561,865,000.00 | \$452,189,000.00 | 24.25% |
| Profit b/tax | \$5,282,000.00 | \$1,920,000.00 | 175.10% |
| Profit a/tax | \$3,652,000.00 | \$1,431,000.00 | 155.21% |
| Net Profit Margin | 0.65% | 0.32% | 0.33% |
| Current Assets | \$53,240,000.00 | \$58,348,000.00 | -8.75% |
| Non Current Assets | \$6,792,000.00 | \$6,955,000.00 | -2.34% |
| Total Assets | \$60,032,000.00 | \$65,303,000.00 | -8.07% |
| Current Liabilities | \$45,160,000.00 | \$52,687,000.00 | -14.29% |
| Non Current Liabilities | \$54,000.00 | \$50,000.00 | 8.00% |
| Total Liabilities | \$45,214,000.00 | \$52,737,000.00 | -14.27% |
| Net Assets | \$14,818,000.00 | \$12,566,000.00 | 17.92% |
| Working Capital | \$8,080,000.00 | \$5,661,000.00 | 42.73% |
| Current Ratio | 1.18 | 1.11 | 6.45% |
| Debt to Equity | 3.05 | 4.20 | -27.29% |



TRADE SURVEY

Trade payment records from further sources in the past 4 months have traced the following data for the subject.

Total Owing: \$3,921
Total Past Due: \$0
Average Late Payment Days: 0
All Industries Late Payment Days: 11

Within terms: \$3,921
1 – 30 days past due: \$0
31 – 60 days past due: \$0
61 – 90 days past due: \$0
91+ days: \$0

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FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 71.90 |
| UK Pound | 1 | INR 91.20 |
| Euro | 1 | INR 81.94 |
| AUD | 1 | INR 51.96 |

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | PRI |
| Report Prepared by : | KET |

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RATING EXPLANATIONS

| Credit Rating | Explanation | Rating Comments |
|---------------|------------------|--|
| A++ | Minimum Risk | Business dealings permissible with minimum risk of default |
| A+ | Low Risk | Business dealings permissible with low risk of default |
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |
| B | Medium Risk | Business dealings permissible on a regular monitoring basis |
| C | Medium High Risk | Business dealings permissible preferably on secured basis |
| D | High Risk | Business dealing not recommended or on secured terms only |
| NB | New Business | No recommendation can be done due to business in infancy stage |
| NT | No Trace | No recommendation can be done as the business is not traceable |

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)