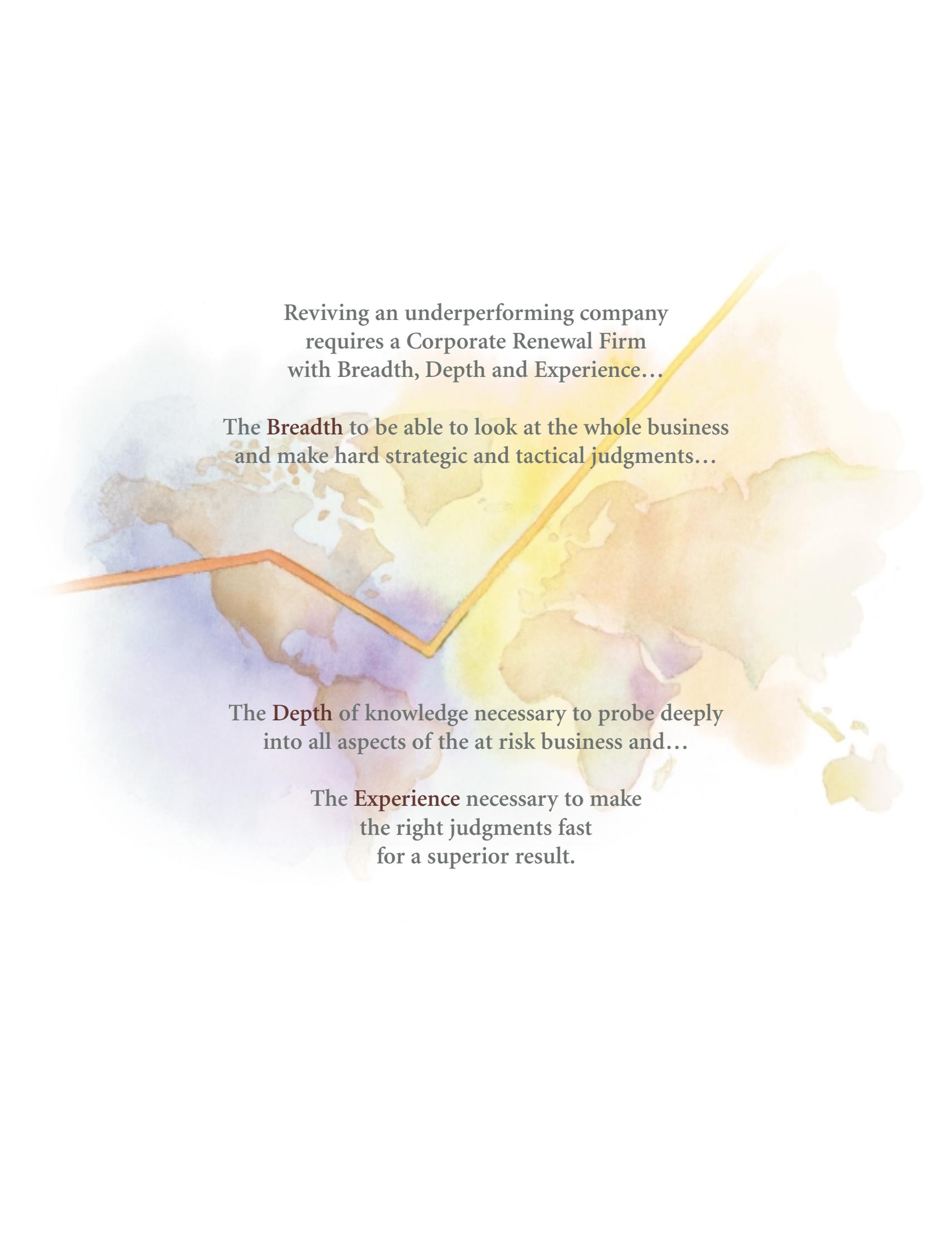


Leaders in Corporate Renewal

The background features a soft watercolor wash in shades of blue, purple, yellow, and orange. Overlaid on this is a line graph with two lines: one in orange and one in yellow. The orange line starts high on the left, dips down, and then rises. The yellow line starts lower, dips further, and then rises more steeply, crossing the orange line.

Reviving an underperforming company
requires a Corporate Renewal Firm
with Breadth, Depth and Experience...

The **Breadth** to be able to look at the whole business
and make hard strategic and tactical judgments...

The **Depth** of knowledge necessary to probe deeply
into all aspects of the at risk business and...

The **Experience** necessary to make
the right judgments fast
for a superior result.

The award winning Capital Restoration team is composed of professionals with a wide variety of skills and experience in many industries. While every troubled business is different, they all face the same challenges of finding sources of **CASH**, identifying **PROFITABLE** business lines, understanding the **CORE BUSINESS**, and selecting a **MANAGEMENT TEAM** to lead the turnaround.

In both cost reduction and revenue-driven turnarounds, you may face challenges in marketing, finance, IT systems, manufacturing, personnel, logistics, or management. Whatever the challenge or challenges, the best solution is to call CRL immediately.

Capital Restoration was awarded the Turnaround Management Association's prestigious *Turnaround of the Year Award* in 1999, 2001 and 2003.



Capital Restoration Provides a Full Range of Corporate Renewal Services

Capital Restoration is a nationally recognized corporate renewal, operations improvement, forensic accounting and turnaround management firm servicing virtually every business sector.

Crisis Management

Crisis management requires the ability to immediately identify and take the key steps that stabilize a troubled business. What distinguishes Capital Restoration is that all of our consultants have spent at least ten years in operating management, in addition to their corporate renewal experience. Most have been CEOs, CFOs, COOs or CIOs; and many are CPAs and/or hold advanced degrees.

Turnaround Management

Financially troubled companies are confronted with business issues that require quick and effective action. Capital Restoration assists management in determining the best course of action, working in concert with secured lenders, unsecured creditors and shareholders. This methodology consists of a complete investigation into every component of the company's operations to maximize cash flow, stockholders value, and profitability.

Advisory Services

The CRL team has extensive experience in public accounting, auditing, and systems, together with significant and varied operational and management experience. This enables us to perform an effective, multifaceted review of the client's financial information, business operations and markets. CRL's unique activity-based models can provide valuable "what if" information in dynamic situations.

Forensic Services

The Capital Restoration Forensic Group combines experience in a wide variety of industries with superior technical expertise, assuring our clients that all identified issues are explored in depth. Further, our experience and proven methodologies enable us to identify significant issues that may not have been apparent at the outset of the engagement. The result is that management, lenders and investors can proceed confidently, based on a comprehensive, accurate knowledge base.

Case studies from
the team that gets
the results you want...

NOW



» » » The Challenge

World-renowned specialty medical practice and surgery center suffered substantial losses after overexpansion, bad business decisions and external changes in economic conditions. The board engaged Capital Restoration as interim COO and CFO to establish corrective action to return the medical practice to operational excellence.

» » » The Challenge

The company began to expand its product line without careful attention to the realistic potential for sales of the new products. Planning and controls were nonexistent on marketing and manufacturing costs related to the new products. The result of this ill-conceived expansion was substantial losses. Sales were stagnant; gross margins had plummeted; vendors were refusing to ship needed goods; the company was in danger of missing payroll; and the company was in violation of its loan covenants with its lender.

» » » The Challenge

A \$100 million holding company, consisting of five operating entities and 18 retail/wholesale locations, had underperformed for some time. Our assessment revealed substantial unreported losses and operational issues.

Creating Value

» » » The Strategy

- Brought needed stability and direction to the management team
- Empowered the staff to take corrective action
- Revamped billing procedures/pricing
- Accelerated collection of accounts receivable
- Provided on-time financial information
- Identified critical processes to be revamped
- Identified capacity issues

» » » The Results

- Returned the practice to profitability
- Increased average revenue per procedure
- Reduced costs and streamlined administrative management
- Increased cash flow and working capital
- Stabilized banking relationship

» » » The Strategy

- Addressed short-term cash issue
- Conducted detailed review of all current and future products: discontinued unprofitable products
- Manufacturing costs carefully controlled
- Replaced management
- Developed and implemented focused marketing plan
- Terminated unsatisfactory vendor relations

» » » The Results

- Gross profit increased 12%
- Productivity increased 22%
- Overhead decreased 45%
- EBIT increased from a negative to 18% of sales
- Significant liquidity event for the shareholders

CRL was awarded the *Turnaround of the Year Award* for its work

» » » The Strategy

- Conducted in-depth analytical reviews and benchmarking of all the entities
- Created strategic operating plans
- Realigned five operating divisions into three
- Recapitalized the company
- Divested non-core assets
- Empowered management of operating entities

» » » The Results

- Reestablished going concern
- Reduced costs 15%
- Increased gross profit 11%
- Optimized staffing
- Reduced head count 10%
- Increased productivity
- Raised \$20 million of debt
- Raised \$4 million of equity

Digging In, Delivering Results

» » » The Challenge

A local organization operating several programs and three major low income projects had entered Chapter 11. The financial records were in disarray; the MIS system was inoperable; and the organization was on the verge of running out of cash.

» » » The Strategy

The Capital Restoration team reconstructed two years of financial information and determined the following:

There were approximately \$2 million of unrecorded liabilities. Partially offsetting that, CRL found that approximately \$700,000 of the liabilities that had been recorded on the books were unaffirmable. In addition, CRL determined that approximately \$1.7 million of the assets, as reported to the Bankruptcy Court, did not exist. Based upon these findings, the prior years' audited financial statements were restated.

» » » The Results

With the organization's financial situation now understood, CRL created viable short- and long-term operating plans.

The entity was able to emerge from Chapter 11 and is still providing important services to its target constituencies.

CRL was awarded the *Turnaround of the Year Award for Non-Profits* for its work.

» » » The Challenge

A fashion house sold high end clothing to major department stores throughout the United States. The company had been reporting rapid growth and strong earnings. Yet, it was running out of cash because the accounts receivable became ineligible receivables over time.

» » » The Strategy

Several board members who were investors requested that CRL review the situation. We reviewed the audited financial statements, including all significant transactions in detail. We also conducted in-depth interviews of the staff. It was determined that:

A large quantity of merchandise from South America and Hong Kong had been shipped and billed to customers who subsequently returned the merchandise. The company had not issued credit memos, leaving the uncollectible accounts receivable on the books. There were also other fictitious assets on the balance sheet. In addition, we found that the president had been selling merchandise off the books for cash. Our final report to the Board of Directors indicated that assets had been overstated by over \$3 million.

» » » The Results

Rather than provide additional funds, the investors forced a sale of the brand, minimizing both their losses and the lender's losses. The investors were also able to make an additional recovery from the auditors due to CRL's work.

Practical Experience for Real-World Problems

Experience in industries including:

Contractors

Distribution

- Consumer Goods
- Industrial Products
- Wholesale Distribution
- Animal Health Products
- Printing Products

Environmental

- Solid Waste Disposal

Food Processing

Healthcare

- Medical Practices
- Long-Term Care
- Acute Care
- Surgery Centers

Import/Export

Manufacturing

- Contract Manufacturers
- Consumer Goods
- DIY Market
- Materials Handling
- Metal Fabrication
- Printing

Non-Profits

Retail

Service

Technology

- Software
- Vision Systems
- Hardware

Telecommunications



At CRL we use a structured **REBUILD** strategy to assure the best possible result.

Rengineer operations and the company using our proprietary activity-based computer simulation models to identify the core business, cash requirements, and benchmarking criteria.

Empowering management to maximize the company's performance.

Business Analysis – we examine the business from all angles to assure that we understand all of its strengths and weaknesses.

Upgrade management and systems – we upgrade poorly functioning systems and replace unsatisfactory managers.

Initiate change fast – we don't wait to make changes. Our team has the **BREATH**, **DEPTH**, and **EXPERIENCE** to recognize what's needed immediately and then implement the necessary changes.

Leaders in the restructuring by either empowering management or becoming interim crisis managers.

Demand accountability – we make sure that management follows through on improvements, upgrades, and changes.

When a company is in jeopardy
the first and only call to make is to
Capital Restoration

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Leaders in Corporate Renewal

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