

GMT Research Accounting Screen



Short Name	Goldrooster Ag	Description:	Relevant GMT Research Reports (please go to our website and login):
GICS Ind Name	Textiles, Apparel & Luxury Goods	Goldrooster AG is a holding company. The Group is an operator of a sports fashion brand specializing in apparel, footwear and accessories for the Chinese market. The Company addresses China's emerging middle class young and aged between 18 and 35.	
GICS Industry	252,030		
Cntry of Dom	DE		
Most Recent Balance Sheet Period	2013 S1		
Ticker	GO8 GR		
Latest Period	Y		Short-Seller's Report (for Asian companies only)
Current Fiscal Year	2012		
Very small auditor:	Warth & Klein Aktiengesellscha		
Country of incorporation:	Country of incorporation (European Union) is same as domicile (European Union).		Summary of accounting risk for Y/FY12
Country of financials:	Currency of financials (Euro) is same as country of risk (European Union).		- Profit manipulation Normal
			- Financial position Normal
			- General accounting Clean accounting with just 7 red flags
			- Shenanigans Evidence: Fake Cash Flow. Excess Capital.
			= Accounting risk: Medium
Profit Manipulation		Lastest financials for 30/09/2013 incomplete	This spreadsheet expires on 31st Mar 2018, in 82 days.
Profit Manipulation: Beneish M-Score (See App 1)		Beneish M-Score of -2.13 in Y/FY12 suggests possible profit manipulation triggered by: High sales growth. High level of accruals. Rising leverage.	
Cooking the Books: Montier's C-Score (App 2)		A C-Score of 2/6 slightly better than average but watch out for: Deteriorating Accruals Margin. High asset growth.	
Financial Position			
Strength of Financial Position: Piotroski F-Score (App 3)		An F-Score of 4/9 suggests financials are slightly deteriorating owing to: ROA. OPCF less than Profit. Leverage. Asset Turnover.	
Risk of Default: Altman Z-Score (App 4)		An Altman Z-Score of 5.55 is in the Safe Zone: Financially sound.	
Accounting Shenanigans			
Acquisition Accounting (App 5)	Global screen	No evidence of acquisition accounting.	
Window Dressing (App 6)		No evidence of window dressing.	
Fake Cash Fraud: Overly profitable (App 7)	Global screen	Scores 4/4 in Y/FY12. Major Fraud Alert: 73% of frauds score 4 points and 2.9% of all companies. Further investigation needed. Triggered Fake Cash Flow in last 5yrs?: FY12 FY11 FY10 FY09	
Excess Capital Raising (App 8)	Global screen	Net flows over 5yrs at 12% of Sales are in the 92%ile and unusually high suggesting too much external finance is being raised.	
Debt Reconciliation (App 9)	Global screen	No material unreconcilable changes in debt in the last 5 years.	
Other Financial Items			
Number of Red Flags (Out of a possible 75)		Triggers 7 red flags in the last financial period which is low.	
Cash Balance		Cash & STI of EUR0.1bn is extremely high at 27% of sales, in the 82%ile relative to peers, which is a trait of fake cash flow frauds.	
Restricted Cash		Restricted Cash of EUR0bn is within normal range.	
Receivables		Receivables of EUR0bn are equal to 14% of Sales which is in within normal range.	
Doubtful Debts		No delinquencies have been reported.	
Payables		Large Payables of EUR0bn are within normal range.	
Inventory		Inventories of EUR0bn are equal to 1% of Sales which is within normal range.	
Profit Manipulation: Gross Working Capital		No evidence of profit/cash flow manipulation through working capital.	
Cash Extraction Fraud: Prepaid Expenses		No evidence of illegal cash extraction fraud.	
Capitalisation of Expenses		Capitalised expenses relative to pre-tax profits (0%) are within normal range.	
Affiliate Investments		There are no investments in associates.	
Auditing Costs		No information available	
Deferred Tax Assets		Deferred Tax Assets/Sales of 0% are within normal range.	
Deferred Tax Liabilities		na	
Derivatives		Derivatives equal to 0% of equity within normal range.	
Other Large Curious Assets and/or Liabilities		Within normal range.	
Depn & Amort		Low depreciation at 0.2% of sales suggests that the company might be inflating profit.	
Interest Cover		The company has no debt.	
Leverage		The company has no debt.	
Related Party Fraud		No evidence of related party transactions.	
Other Tests:		No or new CFO.	

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Ratios		Global/Sector/ Country	Goldrooster Ag Ratios			Ratio Change		Peer Group Comparison Ratios				Percentiles and Red Flags			Red Flag Comment
			Y/FY12	Y/FY11	Y/FY09	-1yr Chg	-3yr Chg	20th %ile	50th %ile	80th %ile	No of Peers	Y/FY12	-1yr Chg	-3yr Chg	
Balance Sheet: Assets												(0-100%)	(+/-50%)	(+/-50%)	
Av Cash & Equiv./Sales (%)	GICS Industry		26.8	18.8	10.4	+8.0	+16.4	3.2	10.4	24.0	379	82%	-40%	-40%	Av Cash & Equiv./Sales (%) high. Risen over 1yr. Risen over 3yrs.
Unrestricted Cash/COGS (%)	GICS Industry		46.7	39.6	14.2	+7.1	+32.5	5.1	16.6	40.3	314	83%	-4%	-10%	Unrestricted Cash/COGS (%) high.
ST Investments/Sales FY (%)	GICS Industry		0.0	0.0	0.0	+0.0	+0.0	0.1	1.6	8.5	172	na	na	na	
Av. Trade & Notes Rec/Sales (%)	GICS Industry		14.4	15.5	na	-1.0	na	7.2	12.1	20.0	356	61%	-32%	na	
Delinquent AR/AR (%)	Global		na	na	na	na	na	0.9	5.9	22.7	1,912	na	na	na	
Av. Inventory/Sales (%)	GICS Industry		1.3	1.8	2.7	-0.5	-1.5	13.0	19.6	29.8	375	1%	-11%	-21%	
Inventory Days	GICS Industry		6	9	0	-2	+6	62	103	187	314	1%	-20%	+2%	
Finished Goods/Inventory (%)	GICS Industry		36	40	40	-4.1	-4.0	33	60	89	417	23%	-36%	-35%	
Av. Other ST Assets/Sales (%)	GICS Industry		na	na	na	na	na	2.0	3.6	7.4	376	na	na	na	
PPE/Sales (%)	GICS Industry		0.5	0.7	na	-0.2	na	9.2	22.8	45.7	360	0%	-5%	na	PPE/Sales (%) low.
Affiliate Inv/Equity (%)	Global		na	na	na	na	na	0.5	3.0	13.1	7,896	na	na	na	
LT Inv & Rec/Sales (%)	GICS Industry		na	na	na	na	na	0.2	1.5	10.0	249	na	na	na	
Deferred Tax Assets/Sales FY (%)	GICS Industry		0.0	0.0	0.0	+0.0	+0.0	0.2	0.9	2.7	277	na	na	na	
Prepaid Expenses/Sales (%)	GICS Industry		0.0	0.0	0.0	+0.0	+0.0	0.3	1.3	3.4	167	na	na	na	
Prepaid Expenses/Inventory (%)	GICS Industry		0.0	0.0	0.0	+0.0	+0.0	1.2	3.7	10.7	99	na	na	na	
Intangibles/Sales FY (%)	GICS Industry		0.7	0.8	0.0	-0.1	+0.7	0.1	1.0	9.2	316	44%	-22%	+18%	
Av. Other LT Assets/Sales FY (%)	GICS Industry		0.1	0.0	0.6	+0.1	-0.5	0.4	1.8	5.8	332	11%	+4%	-27%	
Av. Assets/Sales (%)	GICS Industry		44	38	30	+5.9	+13.6	65.5	95.1	139.4	380	3%	+18%	+16%	
Balance Sheet: Liabilities and Equity															
Av. Payables (Trade, Bills, Accr/Sales (%)	GICS Industry		11.7	13.2	13.2	-1.5	-1.5	5.3	10.0	15.5	379	59%	-38%	-25%	
Trade Payable Days	GICS Industry		59	67	na	-7.4	na	24.5	45.6	81.5	348	64%	-37%	na	
ST Debt/Total Debt (%)	Global	No Debt	No Debt	No Debt	na	na	na	13.0	44.2	88.3	13,723	na	na	na	
Av. Other ST Liabs/Sales (%)	GICS Industry		0.7	0.7	na	+0.1	na	3.8	6.8	10.9	380	1%	-2%	na	
Av. Deferred Tax Liab/Sales FY (%)	GICS Industry		na	na	na	na	na	0.7	3.6	12.1	256	na	na	na	
Av. Other LT Liabs/Sales (%)	GICS Industry		na	na	na	na	na	0.4	1.8	5.1	298	na	na	na	
Preferred Equity/Equity (%)	Global		0.0	0.0	0.0	+0.0	+0.0	0.2	5.1	20.7	908	na	na	na	
Minority/Total Equity (%)	Global		0.0	0.0	0.0	+0.0	+0.0	0.3	2.4	11.4	9,628	na	na	na	
Assets/Equity (x)	GICS Industry		1.3	1.5	1.8	-0.1	-0.5	1.4	1.8	2.6	373	17%	-28%	-34%	
Balance Sheet: Other															
Av. GFA/D&A (yrs)	GICS Industry		5.4	12.1	9.2	-6.6	-3.8	8.4	14.3	22.8	371	7%	-47%	-42%	
Restricted Cash/Equity (%)	GICS Industry		0.0	0.0	0.0	+0.0	+0.0	0.1	0.3	5.9	60	na	na	na	
Cash Conversion Cycle (Days)	GICS Industry		0	-1	#N/A	1	na	70.6	110.2	186.0	312	1%	-6%	na	
Av. Gross Working Capital/Sales (%)	GICS Industry		28.1	31.1	15.2	-3.0	+12.8	40.4	53.6	72.2	379	5%	-31%	+29%	
Contingent Liab/Equity (%)	GICS Industry		1.6	2.8	0.2	-1.2	+1.4	2.0	13.6	59.2	253	17%	-13%	+16%	
Pension Liabilities/Equity (%)	Global		0.0	0.0	0.0	+0.0	+0.0	0.7	2.8	10.0	7,570	na	na	na	
Net Derivatives/Equity (%)	Global		0.0	0.0	0.0	+0.0	+0.0	-1.4	0.0	1.1	2,405	na	na	na	
Return on Production Assets (%)	GICS Industry		1,166.7	896.4	1,035.8	+270.3	+130.9	4.5	14.9	33.7	382	100%	-49%	-49%	Return on Production Assets (%) high. Risen over 1yr. Risen over 3yrs.
Non-Prod. Assets/COGS FY (%)	GICS Industry		71.8	44.5	27.3	+27.3	+44.5	34.6	67.1	132.2	299	53%	-38%	-30%	Risen over 1yr. Risen over 3yrs.
Gross Debt/Profit (x)	GICS Industry		No Debt	No Debt	No Debt	na	na	0.9	4.0	13.7	306	na	na	na	
Income Statement															
												(0-100%)	(+/-50%)	(+/-50%)	
Sales/Employee (US\$)	GICS Industry		279,314	211,472	131,385	+67,841	+147,929	56,779	148,854	359,649	286	71%	-44%	-45%	Risen over 1yr. Risen over 3yrs.
Gross Margin (%)	GICS Industry		27.8	27.7	27.0	+0	+1	15	30	52	322	47%	+6%	-3%	
GM Volatility 5yrs (%)	GICS Industry		na					2.9	6.3	20.0	303	na			
Other Op Y/Op Y (%)	GICS Industry		0.0	0.0	0.6	+0.0	-0.6	1.8	6.4	20.7	119	na	na	na	
D&A/Sales T12M (%)	GICS Industry		0.2	0.1	0.2	+0.1	-0.0	1.4	2.8	4.7	376	99%	-6%	+7%	D&A/Sales T12M (%) low.
Operating Margin T12M (%)	GICS Industry		20.1	21.8	20.9	-1.7	-0.8	2.8	7.2	14.9	374	90%	+23%	+4%	Operating Margin T12M (%) high.
Non-Op Y/Op Y (%)	GICS Industry		0.7	0.7	0.0	+0.1	+0.7	2.9	10.4	36.5	329	5%	-5%	+0%	
FFF Int Rate less MLR (ppt)	Country		na	na	na	na	na	0.8	2.9	6.8	231	na	na	na	
Cash Return less Policy Rate (ppt)	Country		-1.4	-1.3	-2.6	-0.1	+1.2	-2.5	-1.5	2.0	221	53%	-9%	+20%	
Affil Y/Op Y (%)	Global		0.0	0.0	0.0	+0.0	+0.0	0.3	2.2	11.9	6,391	na	na	na	
Eff Tax Rate (%)	Country		25.3	25.6	na	-0.2	na	21.2	29.3	35.9	227	31%	-5%	na	
CF Tax/IS Tax (%)	GICS Industry		99.0	93.0	94.6	+6.0	+4.4	64.9	98.7	151.1	285	50%	-3%	-3%	
X Items/Op Y (%)	Global		na					0.8	6.2	37.4	1,297	na			
Minority Int/Profit B4 MI (%)	Global		na	na	na	na	na	-0.1	1.8	12.8	8,362	na	na	na	
Net Income Margin (%)	GICS Industry		15.1	16.4	15.7	-1.2	-0.6	1.3	4.7	11.2	383	11%	+20%	+4%	Net Income Margin (%) high.
Capitalised Int/PTP (%)	Global		0.0	0.0	na	+0.0	na	0.0	0.0	0.0	13,642	na	na	na	
Cap of Intang. Assets/PTP (%)	Global		0.0	0.0	na	+0.0	na	0.9	4.0	16.7	728	na			
EBIT Interest Cover (x)	GICS Industry		1,045.4	#N/A	#N/A	na	na	1.7	7.4	41.1	351	3%	na	na	

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Ratios		Global/Sector/ Country	Goldrooster Ag Ratios			Ratio Change		Peer Group Comparison Ratios				Percentiles and Red Flags			Red Flag Comment
			Y/FY12	Y/FY11	Y/FY09	-1yr Chg	-3yr Chg	20th %ile	50th %ile	80th %ile	No of Peers	Y/FY12	-1yr Chg	-3yr Chg	
Cash Flow															
CFO/Net Profit (x)	GICS Industry	0.8	1.2	1.0	-0.4	-0.2	0.3	1.1	2.2	1,697	66%	+18%	+14%		
Cash Interest Exp./CFO (%)	GICS Industry	na	na	na	na	na	0.2	4.8	25.8	271	na	na	na		
Capex/Sales (%)	GICS Industry	0.2	0.0	0.0	+0.2	+0.1	1.4	3.2	7.2	371	2%	+6%	+3%		
Decrease Investments/Sales (%)	GICS Industry	0.0	0.0	0.0	+0.0	+0.0	0.0	0.5	4.8	141	na				
Other Investing Activities/Sales (%)	GICS Industry	0.0	1.1	0.0	-1.1	+0.0	0.1	1.1	4.4	292	na				
Debt Repay/ST Debt -1FY (%)	Global	na	na	na	na	na	20.0	88.4	210.9	10,373	na	na	na		
Free Cash Flow Margin (%)	GICS Industry	12.2	19.1	15.8	-6.9	-3.7	-4.2	2.4	8.7	377	12%	+36%	+24%	Fallen over 1yr.	
FCF-Divs/Sales (%)	Global	na	na	5.1	na	na	-7.2	0.9	6.8	10,563	na	na	na		
No. of Mat. Capital Inc -5yrs	Global	0					0.0	0.0	1.0	9,451	na				
Other Fin. Activities/Sales (%)	GICS Industry	0.0	1.3	0.7	-1.3	-0.7	0.0	0.3	1.4	329	9%				
Corporate Governance															
Auditing Exp/Sales (bp)	GICS Industry	na					2.5	6.3	13.2	179	na				
RPT Balances/Equity (%)	Global	0.0					0.3	1.9	11.0	1,434	na				
Number of Acq&Disp -5yrs	Global	0					0.0	3.0	5.0	12,251	na				
Acq&Disp Con./Sales Av. -5yrs (%)	Global	0.0					0.2	1.4	6.9	12,251	na				
Executive Comp/Sales (bp)	GICS Industry	na					7.4	22.6	73.1	84	na				
Executive Comp/PTP (bp)	GICS Industry	na					67.6	188.6	669.0	84	na				
CEO Tenure (yrs)	Global	na					1.4	4.5	10.8	5,466	na				
CFO Tenure (yrs)	Global	na					1.1	3.3	8.3	716	na				
Av. Executive Tenure (yrs)	Global	na					4.1	7.4	11.9	3,291	na				
Av. Board Tenure (yrs)	Global	na					3.9	6.4	9.9	3,672	na				

Source: GMT Research, Bloomberg

Summary of financials in Y/FY12

Average Ratio Percentile Score (0 is good, 100 is bad)	35%	Result: Excellent score. Few red flags.	Explanation
- Percentile vs Industry Peers (0% is good, 100% is bad)	1%	In Y/FY12, Goldrooster Ag recorded an average percentile score (0 is good, 100 is bad) of 35% across all 75 financial ratios listed below. This places it in a percentile of 1 relative to around 379 GICS industry peers globally, which is a very good result. The company triggered a total of 7 red flags out of 75 placing it in a percentile of 11 relative to our sample of 16,000 companies globally, which is a very good result.	Each of the 50 financial ratios listed below is percentile ranked relative to an appropriate peer group drawn from 16,000 companies globally between 2010 and 2015. In general, low percentile scores are good while high scores are poor. Red flags are mainly triggered when a company's ratio is above the 80th percentile; however, for certain ratios a red flag is triggered when it is below the 20th percentile. Red flags are highlighted below in red.
Number of Red Flags (Out of a possible 75)	7		
- Percentile vs Global Peers (0% is good, 100% is bad)	11%		

Summary of change in financials over 1 year

Number of Red Flags (Out of a possible 62)	5	Result: Number of red flags normal.	Explanation
- Percentile vs Global Peers (0% is good, 100% is bad)	27%	Over the financial year prior to Y/FY12, Goldrooster Ag triggered a total of 5 red flags out of 62 placing it in a percentile of 27 relative to our sample of 16,000 companies globally, which is a moderate result.	Red flags are normally triggered by a score between +30 and +50 which suggests an aggressively deteriorating financial ratio. These are highlighted in red below.

Summary of change in financials over 3 yrs

Number of Red Flags (Out of a possible 62)	4	Result: Number of red flags normal.	Explanation
- Percentile vs Global Peers (0% is good, 100% is bad)	23%	Over the 3 financial years prior to Y/FY12, Goldrooster Ag triggered a total of 4 red flags out of 62 placing it in a percentile of 23 relative to our sample of 16,000 companies globally, which is a moderate result.	Red flags are normally triggered by a score between +30 and +50 which suggests an aggressively deteriorating financial ratio. These are highlighted in red below.

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Appendices

Appendix 1: Beneish M-Score

	Calculation	FY08	FY09	FY10	FY11	FY12	Y/FY12	Index Calculation	Comments on latest period
Days Sales in Receivables Index	$+(0.92 \times 0.93)$	na	na	na	1.08	0.93	0.93	$(\text{Net Receivables}_t / \text{Sales}_t) / (\text{Net Receivables}_{t-1} / \text{Sales}_{t-1})$	Receivables of 53 days have fallen by 4 days YoY
Gross Margin Index	$+(0.528 \times 1.00)$	na	na	0.99	0.99	1.00	1.00	$[(\text{Sales}_{t-1} - \text{COGS}_{t-1}) / \text{Sales}_{t-1}] / [(\text{Sales}_t - \text{COGS}_t) / \text{Sales}_t]$	12m Trailing Gross Margin of 27.8% has improved by 0ppts YoY
Asset Quality Index	$+(0.404 \times 0.67)$	na	na	0.77	0.62	0.67	0.67	$[1 - (\text{Curr Ass}_t + \text{PP\&E}_t + \text{Sec}_t) / \text{Assets}_t] / [1 - ((\text{Curr Ass}_{t-1} + \text{PP\&E}_{t-1} + \text{Sec}_{t-1}) / \text{Assets}_{t-1})]$	Other LT Assets/Total Assets of 1.6% has fallen by 0.8ppts YoY
Sales Growth Index	$+(0.892 \times 1.45)$	na	na	1.36	1.30	1.45	1.45	$\text{Sales}_t / \text{Sales}_{t-1}$	12m Trailing Sales have risen 45% YoY
Depreciation Index	$+(0.115 \times 0.54)$	na	na	0.95	1.04	0.54	0.54	$(\text{Depr}_{t-1} / (\text{PP\&E}_{t-1} + \text{Depr}_{t-1})) / (\text{Depr}_t / (\text{PP\&E}_t + \text{Depr}_t))$	12m Trailing Depreciation/Sales of 27.5% has risen by 12.8ppts YoY
SG&A Index	$-(0.172 \times 0.77)$	na	na	1.11	0.96	0.77	0.77	$(\text{SG\&A Expense}_t / \text{Sales}_t) / (\text{SG\&A Expense}_{t-1} / \text{Sales}_{t-1})$	12m Trailing SG&A/Sales of 7.7% have risen by 1.8ppts YoY
Total Accruals to Total Assets	$+(4.679 \times 0.05)$	na	na	na	-0.06	0.05	0.05	$\text{Profit from Continuing Ops}_t - \text{Cash Flows from Ops}_t / \text{Total Assets}_t$	Total Accruals (Net Profit less CFO)/Total Assets are 5%
Leverage Index	$-(0.327 \times 1.26)$	na	na	1.01	1.37	1.26	1.26	$[(\text{Curr Liab}_t + \text{Total LT Debt}_t) / \text{Total Ass}_t] / [(\text{Curr Liab}_{t-1} + \text{Total LT Debt}_{t-1}) / \text{Total Ass}_{t-1}]$	LT Debt + Current Liabilities/Total Assets of 26% have fallen by 6.7ppts YoY
Beneish M-Score for Y/FY12	-4.84 =	na	na	na	-2.68	-2.13	-2.13	An M-Score of >-2.22 signals that the company is likely to be a manipulator	Beneish M-Score of -2.13 in Y/FY12 suggests possible profit manipulation

Appendix 2: Montier C-Score

	FY08	FY09	FY10	FY11	FY12	Y/FY12	Point Calculation	Comments
Profit	na	na	1	0	1	1	A growing divergence between Profit and Operating Cash Flow (1 point)	12m Trailing Accruals Margin of -2.8% has fallen from 2.7% YoY
Receivables	na	na	na	1	0	0	Receivable Days are increasing (1 point)	Receivables of 52 days have fallen by 4 days YoY
Inventory	na	na	0	0	0	0	Inventory Days are increasing (1 point)	Inventory of 1 days has fallen by 0 days YoY
Other current assets	na	na	na	na	na	na	Other Current Assets to Sales are increasing (1 point)	na
Depreciation	na	na	na	1	0	0	Depreciation relative to PPE jobs usfa bs	Depreciation of 5.4yrs has fallen by 6.6yrs YoY
Asset growth	na	na	1	1	1	1	High asset growth in excess of 10% (1 point)	Asset growth of 59% YoY is in excess of 10%
Montier's C-Score	na	na	na	3	2	2	Score 0-1 is good; 2-4 is average, 5-6 is bad	A C-Score of 2/6 slightly better than average

Appendix 3: Piotroski F-Score

	FY08	FY09	FY10	FY11	FY12	Y/FY12	Point Calculation	Comments
Net Income Score	1	1	1	1	1	1	Positive Return on Assets in the current year (1 point)	12m Trailing Return on Assets of 34.6%
Operating Cash Flow Score	na	1	1	1	1	1	Positive Operating Cash Flow in the current year (1 point)	12m Trailing CFO Margin of 12.3%
Return on Assets Score	na	na	na	na	0	0	Higher Return on Assets than previous year (1 point)	12m Trailing ROA has fallen to 34.6% from 43.3% YoY
Quality of Earnings Score	na	na	na	1	0	0	Operating Cash Flow are greater than ROA (1 point)	12m Trailing CFO Margin of 12.3% is below Net Profit Margin of 15.1%
Long-Term Debt to Assets Score	na	na	0	0	0	0	Lower ratio of Long Term Debt than previous year (1 point)	LT Debt/Total Assets has risen to 0% from 0% YoY
Current Ratio Score	na	na	1	1	1	1	Higher Current Ratio this year compared to the previous year (1 point)	Current Ratio has risen to 3.78x from 2.97x YoY
Shares Outstanding Score	na	na	na	na	na	na	No new shares were issued in the last year (1 point)	na
Gross Margin Score	0	0	1	1	1	1	A higher Gross Margin compared to the previous year (1 point)	12m Trailing Gross Margin of 27.8% has improved by 0ppts YoY
Asset Turnover Score	na	na	1	0	0	0	A high Asset Turnover ratio compared to the previous year (1 point)	Asset turnover has fallen to 2.29x from 2.65x YoY
Piotroski F-Score	na	na	na	na	4	4	Score 0-1 weak and deteriorating; 8-9 strong and improving	An F-Score of 4/9 suggests financials are slightly deteriorating

Appendix 4: Altman Z-Score

	FY08	FY09	FY10	FY11	FY12	Y/FY12	Altman Z-Score for a manufacturing company	Comments
Solvency	na	2.20	0.59	0.78	0.87	0.87	Working Capital (Current Assets less Current Liabilities)/Tangible Assets	Ability to meet short term obligations
Cumulative profitability	na	0.62	0.55	0.73	0.51	0.51	Retained Earnings/Tangible Assets	Determines cumulative historic profitability
Profitability	na	2.29	2.09	1.51	1.25	1.25	EBIT/Tangible Assets	Measures earnings away from the effects of taxes and leverage
Market confidence	na	na	na	na	1.02	1.02	Market Capitalisation/Total Liabilities	Whether a firm's value able to cover liabilities
Efficiency	na	3.32	2.90	2.09	1.89	1.89	Sales/Tangible Assets	An asset turnover metric to measure efficiency
Leverage	na	na	na	na	na	na	Book Value of Equity/Total Liabilities	Leverage
Altman Z-Score for Y/FY12	na	na	na	na	5.55	5.55	Anything <1.81 for a manufacturer or <1.11 for other companies is problematic	Safe Zone: Financially sound

Appendix 5: Acquisition Accounting

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	Point Calculation	FY08	FY09	FY10	FY11	FY12	Y/FY12	Point Calculation	Comments
Material acquisition?	1 point	na	0	0	0	0	0	An acquisition in excess of 5% of sales.	No recent acquisitions
Rise in intangible assets -1yr?	1 point	na	na	0	1	0	0	Either a rise in Intangible Assets over 1 year	na
Material intangibles on balance sheet?		na	na	na	1	0	0	Or Intangibles are >=50%ile relative to peers	Intangible Assets/Sales of 1% are in the 44%ile
Rise in deferred tax assets -1yr?	1 point	na	0	0	0	0	0	Either a rise in Deferred Tax Asset over 1 year	na
Large deferred tax assets		na	na	na	na	na	na	Or a large Deferred Tax Asset in the 80%ile relative to industry peers	na
Acquisition Accounting		0	0	0	1	0	0	A score of 3 suggests possibility of acquisition accounting to inflate profits	No evidence of acquisition accounting.

GMT Research Accounting Screen



Appendix 6: Debt Window Dressing

	FY08	FY09	FY10	FY11	FY12	Y/FY12	Point Calculation	Comments
Has high debt repayment/ST debt?	0	0	0	0	0	0	Debt Repayment relative to the ST Debt one year prior is in excess of 130%	na
Has high effective interest rate?	0	0	0	0	0	0	Effective Interest Rate is in excess of the 80%ile relative to country peers	na
Has moderate debt?	0	0	0	0	0	0	If Debt to Sales >15%ile of industry peers	na
Window Dressing	0	0	0	0	0	0	A score of 3 suggests strong likelihood of window dressing	Unlikely to be debt window dressing

Appendix 6a: Investment Window Dressing

	FY08	FY09	FY10	FY11	FY12	Y/FY12	Point Calculation	Comments
High level of investment repayment/sales?	0	0	0	0	0	0	If Invest Repay/Sales in excess of the 80%ile relative to industry peers	na
High inv. repay./investments -1FY?	0	0	0	0	0	0	If Invest Repay in excess of 100% of previous year's Investments	na
Window Dressing Investments	0	0	0	0	0	0	A score of 2 suggests a strong possibility of window dressing	Unlikely to be window dressing investments

Appendix 7: Fake Cash Flow

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	Point Calculation	FY08	FY09	FY10	FY11	FY12	Y/FY12	Point Calculation	
High operating margin	Critical criteria: 1 point	na	1	1	1	1	1	Operating Margin >80%ile relative to industry peers	A 12m Trailing Operating Margin of 20% is in the 90%ile
High return on production assets		na	1	1	1	1	1	Op Profit/(PPE + Inv) in the >80%ile relative to industry peers	A 12m Return on Production Assets of 1167% is in the 100%ile
High level of non-production assets	1 point	0	0	0	1	1	1	(Total Assets-Production Assets)/(COGS or Sales) >80%ile versus peers	Non Production Assets/COGS (or Sales) of 72% is in the 53%ile
Build-up of non-production assets		0	0	0	0	0	0	Increase in Non Prod Assets rel to Sales or COGS >80%ile peers	Non Production Assets/COGS (or Sales) changed by 7% over 1 year
Low dividends and buybacks	1 point	1	1	1	1	1	1	Dividends and Buybacks are less than 30% profit	Dividends and buybacks of 0%
A relatively unknown auditor		1	1	1	1	1	1	Relatively obscure auditor	Very small auditor: Warth & Klein Aktiengesellschaft
Incorporation and Domicile		0	0	0	0	0	0	Different country of incorporation vrs domicile	Country of incorporation (European Union) is same as domicile (European Union).
Debt structure	1pt if >1	1	1	1	1	1	1	If Short Term Debt >75% Total Debt, or no debt at all	No Debt
Sector		1	1	1	1	1	1	Operates in sector prone to fraud	Textiles, Apparel & Luxury Goods industry is prone to fraud.
Fake Cash Flow Fraud	Max 4pts	0	3	3	4	4	4	A score of 3 or 4 is problematic and requires further investigation	Major Fraud Alert: 73% of frauds score 4 points and 2.9% of all companies

Appendix 8: Excess Capital Raising

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(EURm)	FY08	FY09	FY10	FY11	FY12	FY08-12
Sales	#N/A N/A	+59	+80	+104	+151	+394
- OPCF	#N/A N/A	+9	+11	+20	+19	+59
- Capex	+0	(0)	(0)	+0	(0)	(0)
- Dividends (incl MI at subs)	+0	(6)	(9)	+0	+0	(15)
- Buybacks	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	+0
- (Acquisitions)/disposals	+0	+0	+0	+0	+0	+0
= Net internal cash generation	+0	+3	+2	+20	+18	+44
Externally generated cash flows						
- Debt issuance, net	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	+0
- Equity issuance	#N/A N/A	#N/A N/A	#N/A N/A	+0	+3	+3
= Net external financing	+0	+0	+0	+0	+3	+3
Net surplus/(deficit)	+0	+3	+2	+20	+21	+47
Net flows/Sales (%)	na	+5	+3	+19	+14	12
Relative to Global Sector (%ile):						92%
Av. cash balance/sales (%)	na	10	10	19	27	
Relative to Global Sector (%ile)	na	49%	46%	72%	82%	
Core cash required (10% of Sales):					5	
Surplus cash at year end (cash balance less core cash):					46	
Possible fake cash flow over past 5yrs (only if 5yr surplus is greater than zero):					47	
Possible fake cash/excess cash balance (%):					102	
Unable to reconcile FCF equal to EURObn over 5yrs which equates to 102% of surplus cash balance at YE; this is a trait of frauds.						

Appendix 9: Debt Reconciliation (based on latest annual data)

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(EURm)	FY08	FY09	FY10	FY11	FY12	FY08-12
Balance sheet (BS) debt YE	#N/A N/A	#N/A N/A	0	0	0	0
Change in debt: BS	na	na	+0	+0	+0	+0
Change in debt: Cash flow (CF)	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	+0
Unrec chg BS and CF debt	na	na	na	na	na	+0
Unrec chg/total debt (%)	+0	+0	+0	+0	+0	0
Possible reason:	ok	ok	ok	ok	ok	
No material unreconcilable changes in debt in the last 5 years.						
Reasons:						
- Assets paid with debt (such as operating leases) is a non-cash item. Capex should be restated.						
- Proceeds raised from convertible bonds (CBs) are sometimes regarded as equity, not debt.						
- Large acquisitions can lead to difficulties in reconciling debt.						
- If no reason is found, further work is needed.						

Appendix 10: Ownership Type (latest Bloomberg data)

	(%)	Active Versus Passive	
#N/A Field Not Applicable	0	Free Float (%)	29
0	0	No. Instit. Owners	#N/A N/A
0	0	Institutional (%)	#N/A N/A
0	0	- Passive Instit. (ETFs) (%)	0
0	0	- Active Instit. (%)	#VALUE!
Other	100		

Appendix 11: Insiders (latest Bloomberg data)

	Comment
Insider Shares O/S (%)	#N/A Field Not Applicable
Chg Insider Hldgs -6m (%)	#N/A Field Not Appl Changes in insider holdings can be due to options, etc. as opposed to actively buying or selling
Number of Insider Shares Purchased (m)	na shares
Number of Insider Shares Sold (m)	na
Average Purchase Price of Insider Shares	#N/A Field Not Appl Current share price is EUR#N/A Real Time
Average Sell Price of Insider Shares	#N/A Field Not Applicable
Shares Outstanding (m)	21
Insider Shares Traded -6m/Total Shares (%)	#VALUE!

Appendix 12: Comprehensive Income (latest Bloomberg data)

(EURm)	Comment
Comprehensive Income	23
Less:	
Net Income/Net Profit (Losses)	23
<i>Other comprehensive income comprised of:</i>	
Foreign Currency Trans. Adj.	0
na	Other comprehensive income is zero. Able to fully reconcile other comprehensive income.
na	
na	
na	
na	
na	
na	
Amount unable to reconcile:	0