

# Goldstar's Financial Condition Analysis for the Period from 01.01.2008 to 31.12.2010

## [1. Goldstar's Financial Position Analysis](#)

### [1.1. Structure of the Assets and Liabilities](#)

### [1.2. Net Assets \(Net Worth\)](#)

### [1.3. Financial Sustainability Analysis](#)

#### [1.3.1. Key indicators of the company's financial sustainability](#)

#### [1.3.2. Working capital analysis](#)

### [1.4. Liquidity Analysis](#)

## [2. Financial Performance](#)

### [2.1. Overview of the Financial Results](#)

### [2.2. Profitability Ratios](#)

### [2.3. Analysis of the Business Activity \(Turnover Ratios\)](#)

## [3. Conclusion](#)

### [3.1. Key Indicators Summary](#)

### [3.2. Rating of the Financial Position and Financial Performance of Goldstar](#)

## [4. Appendix](#)

### [4.1. Bankruptcy Test \(Altman Z-score\)](#)

### [4.2. Calculation of the Final Rating of the Financial Condition](#)

## 1. Goldstar's Financial Position Analysis

The analysis given in this report on Goldstar's financial state and activity efficiency is made for the period from 01.01.2008 to 31.12.2010 based on the financial statements data prepared according to International Financial Reporting Standards (IFRS).

### 1.1. Structure of the Assets and Liabilities

Indicator	Value						Change for the analysed period	
	in thousand EUR				% of the balance total		thousand EUR (col.5-col.2)	B± % ((col.5-col.2) : col.2)
	31.12.2007	31.12.2008	31.12.2009	31.12.2010	at the beginning of the period analysed (31.12.2007)	at the end of the period analysed (31.12.2010)		
1	2	3	4	5	6	7	8	9
<b>Assets</b>								
1. Non-current assets	187,625,543	322,273,637	416,299,008	503,097,289	52	76.4	+315,471,746	+168.1
2. Current assets, total	173,184,851	191,660,913	207,513,814	155,460,157	48	23.6	-17,724,694	-10.2
Inventories	4,770,370	4,985,680	76,222	55,162	1.3	<0.1	-4,715,208	-98.8
Trade and other current receivables	128,380,239	147,904,069	175,094,863	89,543,524	35.6	13.6	-38,836,715	-30.3
Cash and cash equivalents	7,132,445	2,811,891	3,354,882	17,435,540	2	2.6	+10,303,095	+144.5
<b>Equity and Liabilities</b>								
1. Equity	236,892,662	263,953,835	296,713,355	328,181,421	65.7	49.8	+91,288,759	+38.5

2. Non-current liabilities	24,814,976	82,295,647	85,046,637	26,441,244	6.9	4	+1,626,268	+6.6
3. Current liabilities	99,102,756	167,685,068	242,052,830	303,934,781	27.5	46.2	+204,832,025	+3.1 times
<b>Assets; Equity and Liabilities</b>	<b>360,810,394</b>	<b>513,934,550</b>	<b>623,812,822</b>	<b>658,557,446</b>	<b>100</b>	<b>100</b>	<b>+297,747,052</b>	<b>+82.5</b>

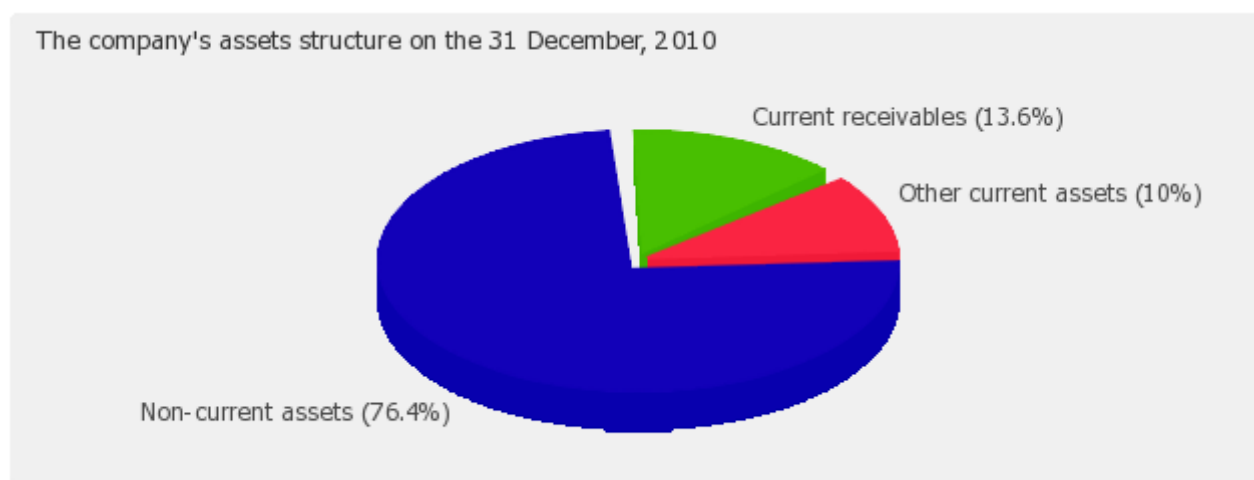
According to the data given in the table, the share of Goldstar's current assets equalled about a quarter (23.6%) on the last day of the period analysed (31.12.2010), while non-current assets equalled three quarters of the all assets. An increase in the assets to EUR 658,557,446 thousand (EUR +297,747,052 thousand) was seen during the reviewed period (from 31 December, 2007 to 31 December, 2010). The company's assets grew in parallel with equity (+38.5% for the whole period analysed). Growth of the equity value is a factor which positively describes the dynamics of Goldstar's financial state.

The total growth of Goldstar's assets value is primarily connected with the value growth of the item "Other non-current financial assets" by EUR 331,695,629 thousand, that made 92.8% of all positively changed assets.

The most significant growth of sources of finance ("Equity and Liabilities") is seen on the following rates (the percentage from total equity and liabilities change is shown in brackets):

- Other current financial liabilities – EUR 235,841,341 thousand (71.2%)
- Retained earnings – EUR 92,723,023 thousand (28%)

The most significantly changed items on the balance sheet for the reviewed period (from 31.12.2007 to 31.12.2010) are "Trade and other current receivables" in assets and "Trade and other current payables" in sources of finance (EUR -38,836,715 thousand and EUR -31,194,485 thousand respectively).



The inventories equalled EUR 55,162 thousand on the last day of the period analysed (31.12.2010). An alteration in the inventories made EUR -4,715,208 thousand for the entire period analysed.

The current receivables reduced by EUR 38,836,715 thousand for the last 3 years.

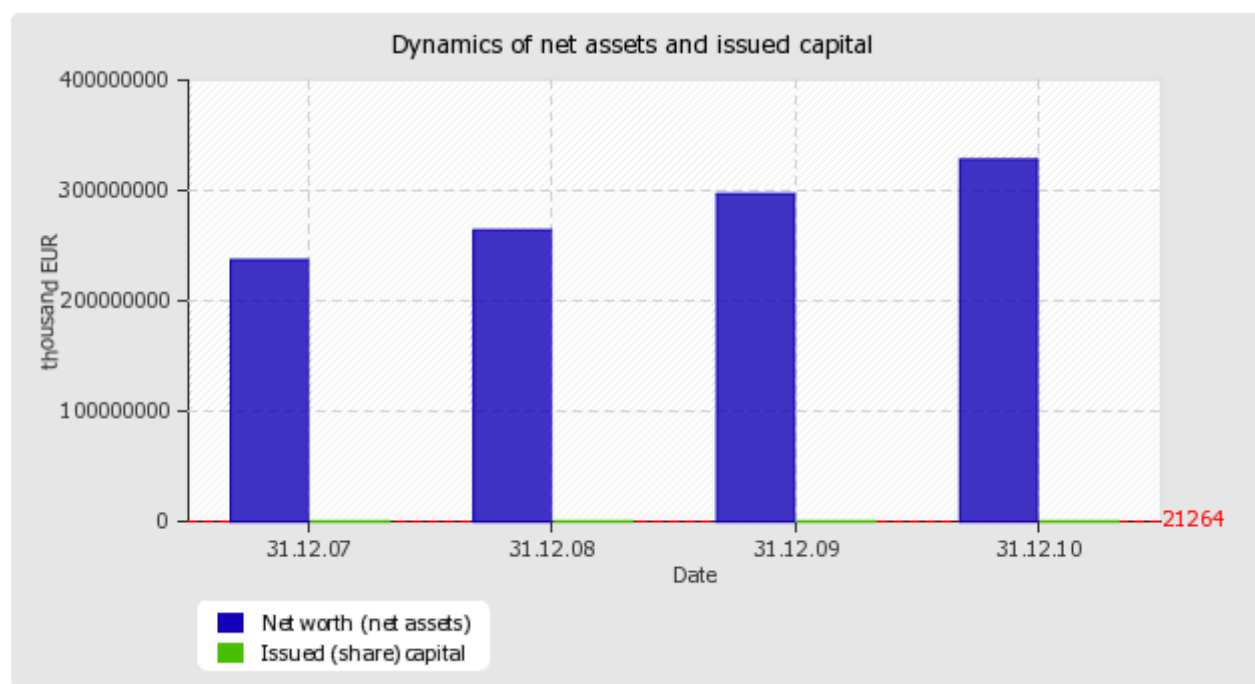
## 1.2. Net Assets (Net Worth)

Indicator	Value						Change	
	in thousand EUR		% of the balance total				thousand EUR (col.3-col.2),	%, ((col.3-col.2):col.2)
	at the beginning of the period analysed (31.12.2007)	at the end of the period analysed (31.12.2010)	31.12.2007	31.12.2008	31.12.2009	31.12.2010		
1	2	3	4	5	6	7	8	9
1. Net tangible assets	236,857,787	328,071,056	65.6	51.3	47.6	49.8	+91,213,269	+38.5

2. Net assets (Net worth)	236,892,662	328,181,421	65.7	51.4	47.6	49.8	+91,288,759	+38.5
3. Issued (share) capital	21,264	21,264	<0.1	<0.1	<0.1	<0.1	–	–
4. Difference between net assets and Issued (share) capital (line 2 - line 3)	236,871,398	328,160,157	65.6	51.4	47.6	49.8	+91,288,759	+38.5

On the last day of the period analysed (31.12.2010), the net tangible assets were equal to EUR 328,071,056 thousand. That is EUR 91,213,269 thousand higher than the level of the net tangible assets on 31 December, 2007. The intangible assets made EUR 110,365 thousand on 31 December, 2010. This value shows the difference between the value of net tangible assets and all net worth.

On 31.12.2010, the net worth of Goldstar was much higher (by 15,433.7 times) than the share capital. Such a ratio positively describes the company's financial position. The net worth (net assets) value is used as one of the tools to estimate the company's value (used together with other methods, such as discounted cash flow method, or an estimation based on shareholder's value etc.). But it is a key value in the estimation of the company's financial condition.



### 1.3. Financial Sustainability Analysis

#### 1.3.1. Key indicators of the company's financial sustainability

Indicator	Value				Change (col.5- col.2)	The indicator description and its recommended value
	31.12.2007	31.12.2008	31.12.2009	31.12.2010		
1	2	3	4	5	6	7
Debt-to-equity ratio (financial leverage)	0.52	0.95	1.1	1.01	+0.49	A debt-to-equity ratio is calculated by taking the total liabilities and dividing it by shareholders' equity. It is the key financial ratio and used as a standard for judging a company's financial standing. Acceptable value: no more than 1.5 (optimum 0.43-1).

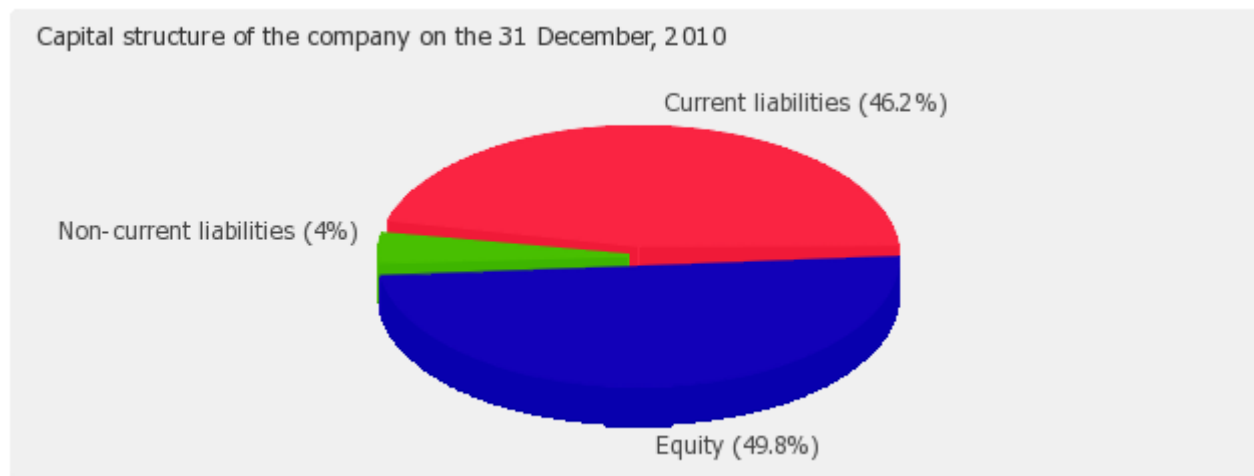
Debt ratio (debt to assets ratio)	0.34	0.49	0.52	0.5	+0.16	A debt ratio is calculated by dividing total liabilities (i.e. long-term and short-term liabilities) by total assets. It shows how much the company relies on debt to finance assets (similar to debt-to-equity ratio). Acceptable value: 0.6 or less (optimum 0.3-0.5).
Long-term debt to Equity	0.1	0.31	0.29	0.08	-0.02	This ratio is calculated by dividing long-term (non-current) liabilities by equity.
Non-current assets to Net worth	0.79	1.22	1.4	1.53	+0.74	This ratio is calculated by dividing long-term (non-current) liabilities by net worth (equity) and measures the extent of a company's investment in low-liquid non-current assets. This ratio is important for comparison analysis because it's less dependent on industry (structure of company's assets) than debt ratio and debt-to-equity ratio. Normal value: no more than 1.25.
Capitalization ratio	0.09	0.24	0.22	0.07	-0.02	Calculated by dividing non-current assets by the sum of equity and non-current liabilities.
Fixed assets to Net worth	0.03	0.02	0.02	0.01	-0.02	This ratio indicates the extent to which the owners' cash is frozen in the form of fixed assets, such as property, plant, and equipment, investment property and non-current biological assets. Normal value: 0.75 or less.
Current liability ratio	0.8	0.67	0.74	0.92	+0.12	Current liability ratio is calculated by dividing non-current liabilities by total (i.e. current and non-current) liabilities.

Firstly, attention should be drawn to the debt-to-equity ratio and debt ratio as the indicators describing the capital structure. Both ratios have similar meaning and indicate that if there is not enough capital (equity) for stable work for the company. Debt-to-equity ratio is calculated as a relationship of the borrowed capital (liabilities) to the equity, while debt ratio is calculated as a relationship of the liabilities to the overall capital (i.e. the sum of equity and liabilities).

On the last day of the period analysed, the debt-to-equity was equal to 1.01. On the last day of the period analysed, the debt ratio equalled 0.5. For the last 3 years, it was monitored that there was a notable increase in the debt ratio (+0.16).

The debt ratio describes Goldstar's financial condition as a good one on 31.12.2010, the percentage of liabilities makes 50.2%, while a maximum acceptable percentage is deemed to be 60%. The values of the debt ratio corresponded to acceptable ones during the whole period.

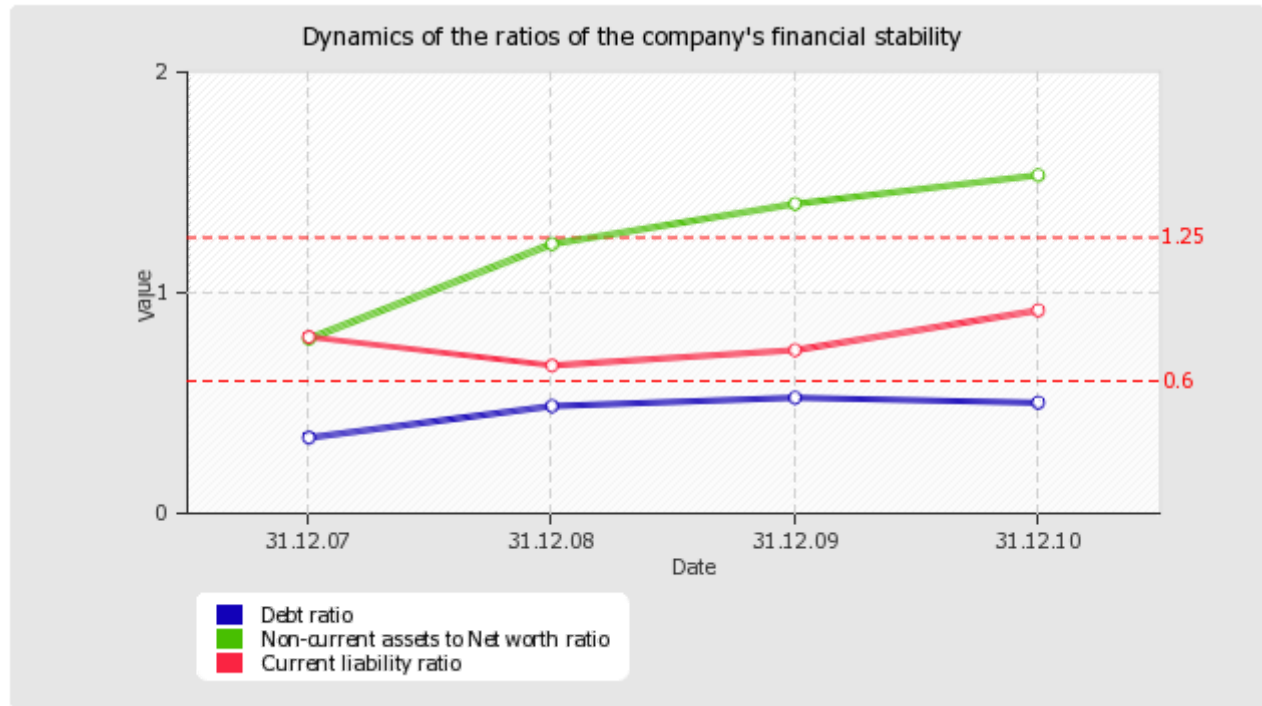
In the diagram below, one can see the structure of the company's capital:



According to common rules, non-current investments should be made, in the first place, with the help of the most stable source of financing, i.e. with the help of owned capital (equity). The non-current assets to Net worth ratio shows if this rule is followed. At the end of the period, the ratio equalled **1.53**. During the last 3 years, the ratio was found to spike rapidly by **0.74**, additionally, the similar tendency is proven with a linear trend during the period. On the last day of the period analysed, the value of the ratio is not a satisfactory one.

The current liability ratio (0.92) shows that the amount of long-term debts of Goldstar is significantly lower than the amount of short-term debts on 31.12.2010, (8% and 92% respectively of total liabilities). Liabilities with short maturity are less preferred than long-term liabilities from positions of financial stability. In relation to this, the company should be more careful when borrowing short term capital.

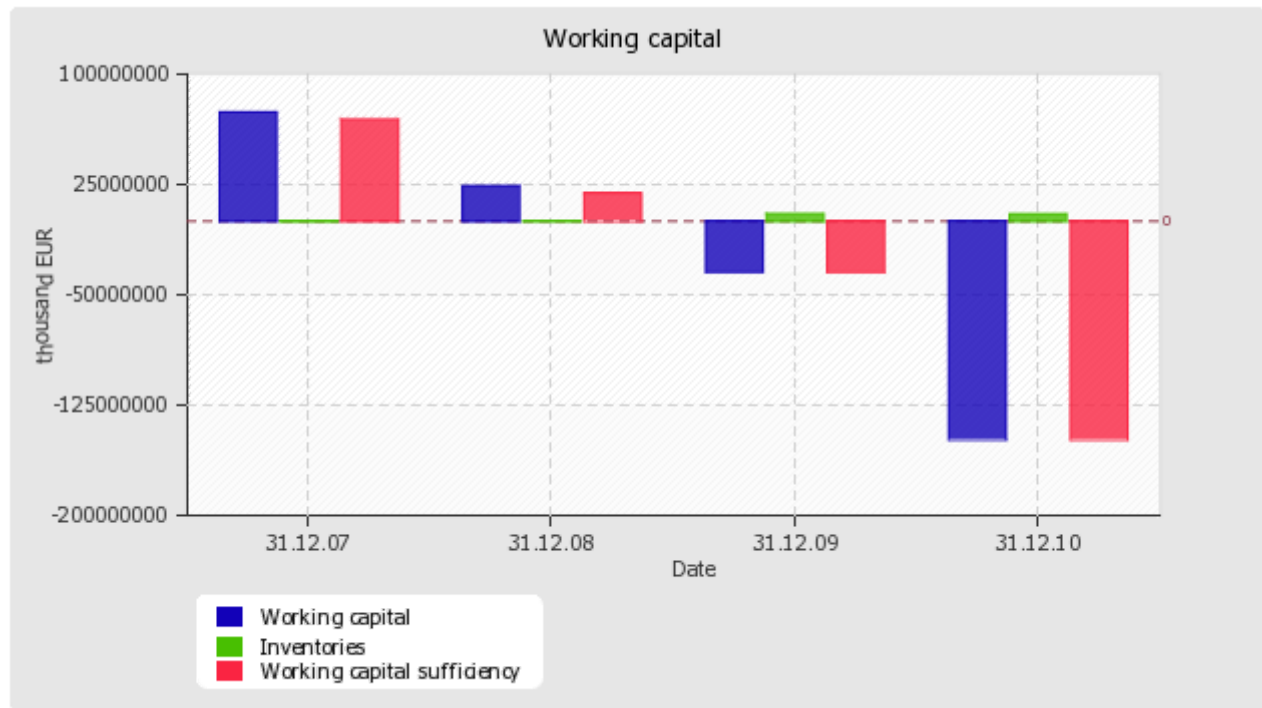
The dynamics of the main ratios of financial stability of Goldstar is shown in the following diagram.



### 1.3.2. Working capital analysis

Indicator	Value				Change for the period analysed	
	31.12.2007	31.12.2008	31.12.2009	31.12.2010	(col.5-col.2)	% ((col.5-col.2) : col.2)
1	2	3	4	5	6	7
1. Working capital (net working capital), thousand EUR	+74,082,095	+23,975,845	-34,539,016	-148,474,624	-222,556,719	↓
2.B Inventories, thousand EUR	+4,770,370	+4,985,680	+76,222	+55,162	-4,715,208	-98.8
3. Working capital sufficiency (1-2), thousand EUR	+69,311,725	+18,990,165	-34,615,238	-148,529,786	-217,841,511	↓
4. Inventory to working capital ratio (2:1) Normal value: 1 or less.	0.06	0.21	<0.01	<0.01	-0.06	x

Goldstar's working capital has a negative value (EUR **-148,474,624** thousand) on the last day of the period analysed (31.12.2010). This means that current liabilities exceed current assets. In such a situation it makes no sense to compare working capital with inventories of the company. Under normal conditions, the inventory to working capital ratio should not be less than 1.



## 1.4. Liquidity Analysis

One of the most widespread indicators of a company's solvency are liquidity related ratios. There are three liquidity related ratios: current ratio, quick ratio and cash ratio. Current ratio is one of the most widespread and shows to what degree the current assets of the company are meeting the current liabilities. The solvency of the company in the near future is described with the quick ratio which reflects if there are enough fund's for normal execution of current transactions with creditors. All three ratios for Goldstar are calculated in the following table.

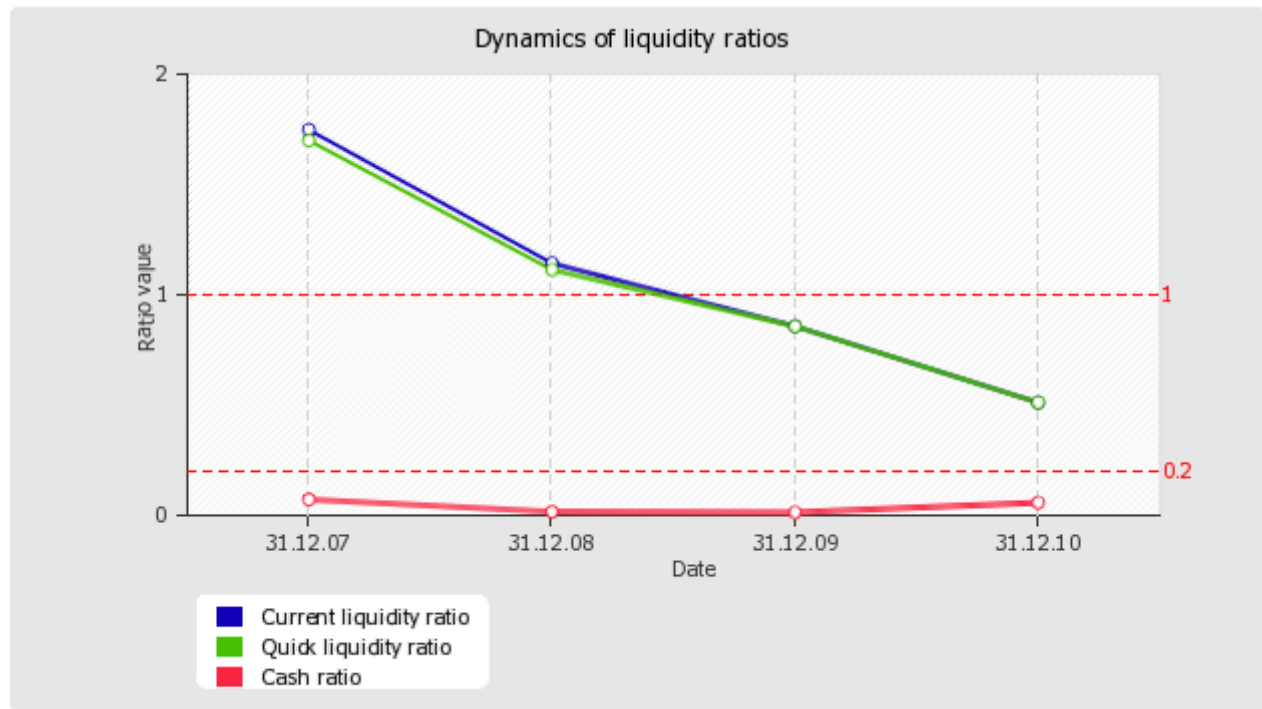
Liquidity indicator	Value				Change (col.5 - col.2)	The indicator description and its recommended value
	31.12.2007	31.12.2008	31.12.2009	31.12.2010		
1	2	3	4	5	6	7
1. Current ratio (working capital ratio)	1.75	1.14	0.86	0.51	-1.24	The current ratio is calculated by dividing current assets by current liabilities. It indicates a company's ability to meet short-term debt obligations. Acceptable value: 2 or more.
2. Quick ratio (acid-test ratio)	1.7	1.11	0.86	0.51	-1.19	The quick ratio is calculated by dividing liquid assets (cash and cash equivalents, trade and other current receivables, other current financial assets) by current liabilities. It is a measure of a company's ability to meet its short-term obligations using its most liquid assets (near cash or quick assets). Normal value: no less than 1.
3. Cash ratio	0.07	0.02	0.01	0.06	-0.01	Cash ratio is calculated by dividing absolute liquid assets (cash and cash equivalents) by current liabilities. Normal value: no less than 0.2.

The current ratio equalled **0.51** at the end of the period analysed. For the 3 years, the current ratio significantly dropped (**-1.24**). The value of the ratio equal to can be described as obviously critical on 31.12.2010. The current ratio kept an atypical value during the whole of the evaluated period.

The quick ratio was equal to **0.51** on 31.12.2010. For the reviewed period (31.12.07-31.12.10), the quick ratio was found to undergo a significant decrease of **1.19** , moreover, tendency of the quick ratio to fall is also proven with an average

(linear) trend. A decrease in the ratio was monitored during the whole of the period. On the last day of the period analysed, the value of the quick ratio can be deemed as an unsatisfactory one. It means that Goldstar does not have enough assets which can be transferred to monetary funds in a very short time to meet current liabilities.

The value of the third rate, the cash ratio, like of the two previous rates, does not lie in the acceptable range on 31.12.2010. Goldstar is observed to have a deficit of cash and cash equivalents to meet current liabilities.



All three liquidity related ratios negatively describe the structure of the Statement of financial position of Goldstar from the point of view of solvency.

## 2. Financial Performance

### 2.1. Overview of the Financial Results

The table below tells us about the main financial results of Goldstar's activities for the period analysed (from 31 December, 2007 to 31 December, 2010).

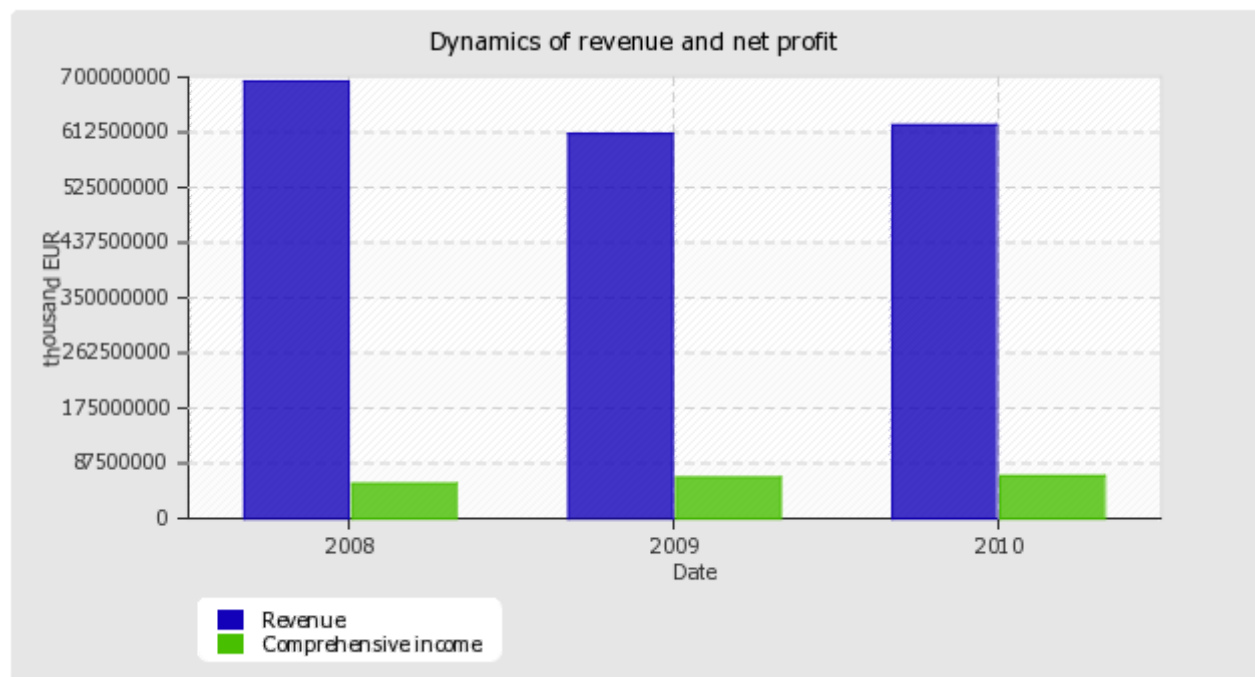
Indicator	Value, thousand EUR			Change		Average annual value, thousand EUR
	2008	2009	2010	thousand EUR (col.4 - col.2)	B± % (4-2) : 2	
1	2	3	4	5	6	7
1. Revenue	693,032,679	609,821,837	623,979,575	-69,053,104	-10	642,278,030
2. Cost of sales	566,143,059	489,837,720	512,028,603	-54,114,456	-9.6	522,669,794
3. <i>Gross profit</i> B B (1-2)	126,889,620	119,984,117	111,950,972	-14,938,648	-11.8	119,608,236
4. Other income and expenses, except Finance costs	-52,797,606	-26,430,917	-19,887,930	+32,909,676	↑	-33,038,818
5. <i>EBIT</i> (3+4)	74,092,014	93,553,200	92,063,042	+17,971,028	+24.3	86,569,419
B 5a. EBITDA	64,355,648	83,788,550	82,288,391	+17,932,743	+27.9	76,810,863
6. Finance costs	2,378,700	6,308,164	4,520,565	+2,141,865	+90	4,402,476
7. Income tax expense (from continuing operations)	16,583,554	22,117,859	20,350,754	+3,767,200	+22.7	19,684,056
8. <i>Profit (loss) from continuing operations</i> (5-6-7)	55,129,760	65,127,177	67,191,723	+12,061,963	+21.9	62,482,887



9. Profit (loss) from discontinued operations	–	–	–	–	–	–
<b>10. Profit (loss) (8+9)</b>	<b>55,129,760</b>	<b>65,127,177</b>	<b>67,191,723</b>	<b>+12,061,963</b>	<b>+21.9</b>	<b>62,482,887</b>
11. Other comprehensive income	–	–	–	–	–	–
<b>12. Comprehensive income (10+11)</b>	<b>55,129,760</b>	<b>65,127,177</b>	<b>67,191,723</b>	<b>+12,061,963</b>	<b>+21.9</b>	<b>62,482,887</b>

The revenue was equal to EUR 623,979,575 thousand for the year 2010, though the revenue was higher - EUR 693,032,679 thousand (i.e. the drop equalled EUR 69,053,104 thousand). The diagram below demonstrates the change in revenue and a comprehensive income for Goldstar. The gross profit equalled EUR 111,950,972 thousand during the period 01.01-31.12.2010. During the period analysed, the gross profit appreciably dropped (by EUR 14,938,648 thousand, or by 11.8%).

For the last year, the company posted a gross profit and earnings before interest and taxes (EBIT), which made EUR 92,063,042 thousand in total. The final comprehensive income of Goldstar made EUR 67,191,723 thousand during the period from 01.01.2010 to 31.12.2010.



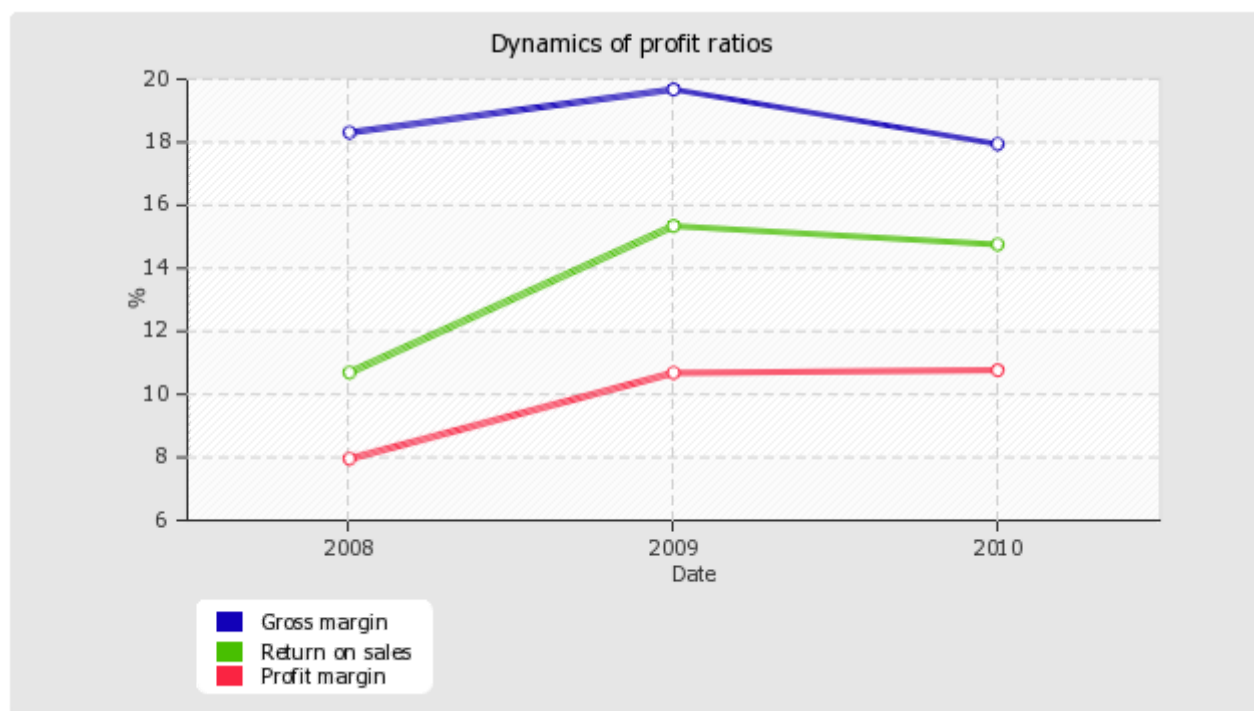
## 2.2. Profitability Ratios

Profitability ratios	Value in %			Change (col.4 - col.2)
	2008	2009	2010	
1	2	3	4	5
1. Gross margin.	18.3	19.7	17.9	-0.4
2. Return on sales (operating margin).	10.7	15.3	14.8	+4.1
3. Profit margin.	8	10.7	10.8	+2.8
<i>Reference:</i> B Interest coverage ratio (ICR). Normal value: no less than 1.5.	31.1	14.8	20.4	-10.8

For the period 01.01-31.12.2010, the company gained gross profit and profit from operational and financial activities, which became a reason for positive values of all three profitability ratios given in the table for this period. The gross margin was equal to 17.9% during the last year. During the entire reviewed period, the gross margin moderately decreased.

The profitability calculated by earnings before interest and taxes (Return on sales) is more important from a comparative analyses point of view. The return on sales made 0.15 or 14.8% per annum during the year 2010, while the profit margin made 10.8% per annum.





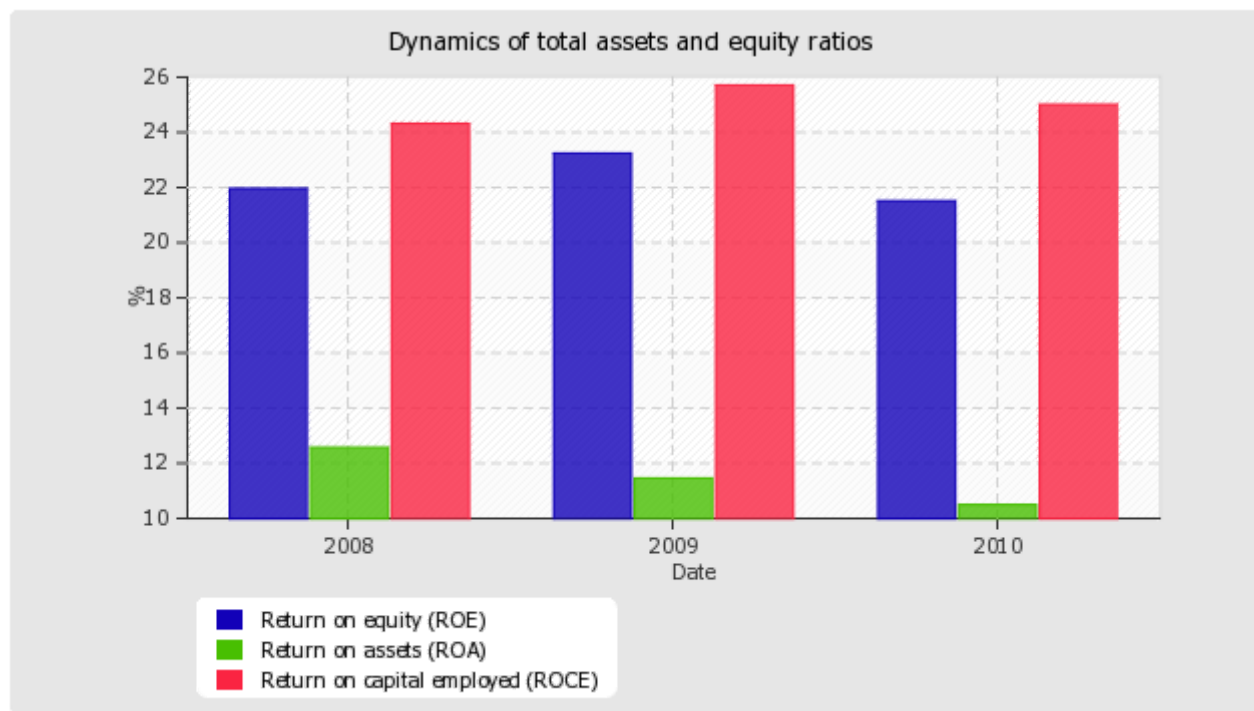
To assess the liabilities that the company should repay for the use of borrowed capital, an interest coverage ratio was calculated. The acceptable value is deemed to be not less than 1.5. In this case, the interest coverage ratio made **20.4** for the year 2010, which is evidence of Goldstar's capability to pay interest on borrowed assets. It should take into account that not all interest payments can be described in the Statement of comprehensive income. In certain cases interest is included in investments in non-current assets and as a result it is not used to calculate the indicated ratio.

Profitability ratios	Value, %			Change (col.4 - col.2)	The indicator description and its reference value
	2008	2009	2010		
1	2	3	4	5	6
Return on equity (ROE)	22	23.2	21.5	-0.5	ROE is calculated by taking a year's worth of earnings (net profit) and dividing them by the average shareholder equity for that period, and is expressed as a percentage. It is one of the most important financial ratios and profitability metrics. Normal value: 12% or more.
Return on assets (ROA)	12.6	11.4	10.5	-2.1	ROA is calculated by dividing net income by total assets, and displayed as a percentage. Normal value: 6% or more.
Return on capital employed (ROCE)	24.3	25.7	25	+0.7	ROCE is calculated by dividing EBIT by capital employed (equity plus non-current liabilities). It indicates the efficiency and profitability of a company's capital investments.

During the year 2010, the return on assets equalled **10.5%**. A lowering in the return on assets made **2.1%** for the reviewed period (from 31.12.2007 to 31.12.2010). The values of the return on assets were equal to normal ones during the whole evaluated period.

A key indicator of business profitability is the return of equity (ROE), i.e. return from money invested by the owners. The profitability of the owners' investments in Goldstar's assets made **21.5%** per annum during the last year. It is a high rate, but it is influenced not only with factors inside the company, but also the economic environment where the company is located (inflation rate, interest rates, etc).

The following diagram demonstrates the dynamics of the main rates of return on total assets and equity of Goldstar during the whole reviewed period.



### 2.3. Analysis of the Business Activity (Turnover Ratios)

Further in the table, the calculated rates of turnover of assets and liabilities describe how fast prepaid assets and liabilities to suppliers, contractors and staff are returned can be found. Turnover rates have strong field specifics and depend on activity. That is why an absolute value of the rate does not allow making its' qualitative assessment. When assets turnover ratios are analysed, an increase in ratios (i.e. velocity of circulation) and a reduction in circulation days are deemed to be positive dynamics. There is no well-defined dependence for accounts payable and capital turnover. In any case, an accurate conclusion can only be made only after the reasons that caused these changes are considered.

Turnover ratio	Value, days			Ratio 2008B	B Ratio 2010	Change, days (col.4 - col.2)
	2008	2009	2010			
1	2	3	4	5	6	7
Receivables turnover (days sales outstanding) (average trade and other current receivables divided by average daily revenue*)	73	97	77	5	4.7	+4
Accounts payable turnover (days payable outstanding) (average current payables divided by average daily purchases)	44	61	49	8.4	7.5	+5
Inventory turnover (days inventory outstanding) (average inventory divided by average daily cost of sales)	3	2	<1	115.7	7,794.4	-3
Asset turnover (average total assets divided by average daily revenue)	231	340	375	1.6	1	+144
Current asset turnover (average current assets divided by average daily revenue)	96	119	106	3.8	3.4	+10
Capital turnover (average equity divided by average daily revenue)	132	168	183	2.8	2	+51
<b>Reference:</b>						
Cash conversion cycle (days sales outstanding + days inventory outstanding - days payable outstanding)	33	38	29	x	x	-4

\* Calculation in days. Ratio value is equal to 365 divided by days outstanding.

According to the table, the average collection period (days<sup>Б</sup>™s sales outstanding), calculated based on the data for the period from 01.01.2010 to 31.12.2010, was 77 days, while average repayment period for credit debts (days<sup>Б</sup>™s payable outstanding) was 49 days. The rate of asset turnover means that Goldstar gains revenue equal to the sum of all the available assets for 316 days (on average during the entire reviewed period).

## 3. Conclusion

### 3.1. Key Indicators Summary

The main financial state indicator values and Goldstar's activity results are classified by qualitative assessment according to the results of the analysis during the 3 years and are given below.

The following rates describe the Goldstar's financial state from *an excellent* point of view:

- high return on equity (21.5% per annum)
- return on total assets made during the last year 10.5% per annum
- net worth (net assets) of the company is much higher (by 15,433.7 times) than the share capital on 31.12.2010

The analysis revealed the following *good* financial rates:

- the percentage of liabilities in the total balance of Goldstar makes 50.2% which is normal for stable activity
- earnings before interest and taxes (EBIT) made EUR 92,063,042 thousand for the last year, although a negative dynamics compared with the previous value (EUR +17,971,028 thousand) was observed
- income from financial and operational activities (comprehensive income) made EUR 67,191,723 thousand during the period 01.01-31.12.2010

The following rate is the financial rate with the value *which borders on the edge of standard* – the increase in equity for the 3 years was lower than the growth rates of total assets.

One can highlight the following values of Goldstar's financial rates with *negative* values:

- the value of the non-current assets to net worth ratio equal to 1.53 is not a normal one
- a quick ratio made 0.51 (while the acceptable value makes 1)
- the cash ratio is equal to 0.06 on the last day of the period analysed (31.12.2010) (a low cash in hand level required for current payments)

The following rates describe the financial state as *critical* critical:

- the current ratio (0.51) is significantly lower than the standard value (2)
- not enough long-term resources of financing company activity (no working capital)

### 3.2. Rating of the Financial Position and Financial Performance of Goldstar

Financial performance for the period analysed (01.01.08-31.12.10)	Financial position on 31.12.2010									
	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
Excellent (AAA)						•				
Very good (AA)	•	•	•	•	•	V	•	•	•	•
Good (A)						•				
Positive (BBB)						•				
Normal (BB)						•				
Satisfactory (B)						•				
Unsatisfactory (CCC)						•				
Adverse (CC)						•				
Bad (C)						•				
Critical (D)						•				

Final **rating of the financial condition** of Goldstar (period analysed: from 01.01.2008 to 31.12.2010 analysis step - year):

**BB**  
(normal)  
B

The following conclusions were made based on a qualitative assessment of the rates at the end of the period analysed, their dynamics during the period and the forecast for the next year. Scores of the financial position and activity results of Goldstar were -0.34 and +1.36 respectively, i.e. the financial position is characterized as satisfactory; the financial results are described as very good for the period analysed (from 31 December, 2007 to 31 December, 2010). These two scores were used to calculate the final rating score of the company's financial condition, which made **BB** (normal condition).

"BB" describes the financial condition of a company when the majority of rates are normal. Companies with this rating should be considered as business partners who will need to be treated carefully when managing risks. These companies

can lay a claim to obtain credit but a decision mainly depends on the analysis of additional factors (neutral creditworthiness).

## 4. Appendix

### 4.1. Bankruptcy Test (Altman Z-score)

The Altman Z-score was calculated to predict the probability of the company's bankruptcy (a 4-factor model for a private non-manufacturer is taken for Goldstar):

$$Z\text{-score} = 6.56T_1 + 3.26T_2 + 6.72T_3 + 1.05T_4, \text{ where}$$

B RatioB	Calculation	B Ratio value on 31.12.2010	B Weighting factorB	Product (col. 3 x col. 4)
1	2	3	4	5
T <sub>1</sub>	Working Capital / Total Assets	-0.23	6.56	-1.48
T <sub>2</sub>	Retained Earnings / Total Assets	0.48	3.26	1.56
T <sub>3</sub>	Earnings Before Interest and Taxes / Total Assets	0.14	6.72	0.94
T <sub>4</sub>	Equity / Total Liabilities	0.99	1.05	1.04
Altman Z-score:				2.07

Zones of Discrimination:

- 1.1 or less – “Distress” Zone
- from 1.1 to 2.6 – “Grey” Zone
- 2.6 or more – “Safe” Zone

According to calculations, at the end of the period reviewed, the Z-score equalled 2.07 for Goldstar. It means that Goldstar is in the risk zone and there is a probability of its' bankruptcy. Despite the good results obtained, it should be mentioned that the Altman Z-score predicts the company's bankruptcy probability is only relative and the final conclusion should be made based on results of deeper analysis.

### 4.2. Calculation of the Final Rating of the Financial Condition

Indicator	Weighting factor	Score			Average score (col.3 x 0.25 + col.4 x 0.6 + col.5 x 0.15)	Weighted average score (col.2 x col.6)
		past	present	future		
1	2	3	4	5	6	7
I. Rating of the company's financial position						
Debt ratio	0.3	+2	+1	+1	+1.25	+0.375
Non-current assets to net worth	0.15	+1	-1	-1	-0.5	-0.075
Current ratio	0.2	-1	-2	-2	-1.75	-0.35
Quick ratio	0.2	+2	-1	-2	-0.4	-0.08
Cash ratio	0.15	-2	-1	-2	-1.4	-0.21
Total	1	Final score (in total col.7 : col. 2):				-0.34
II. Rating of the company's financial performance						
Return on equity (ROE)	0.5	+2	+2	+2	+2	+1
Return on assets (ROA)	0.3	+2	+2	+1	+1.85	+0.555
Sales growth	0.2	-1	-1	-1	-1	-0.2
Total	1	Final score (in total col.7 : col. 2):				+1.355

The final rating score of Goldstar's financial condition:  $(-0.34 \times 0,6) + (+1.355 \times 0,4) = +0.34$  (BB - normal)

**Reference:** Financial condition scale

Total score		Sign	The qualitative assessment of a financial condition
from	to (inclusive)		
2	1.6	AAA	Excellent
1.6	1.2	AA	Very good
1.2	0.8	A	Good
0.8	0.4	BBB	Positive
0.4	0	BB	Normal
0	-0.4	B	Satisfactory
-0.4	-0.8	CCC	Unsatisfactory
-0.8	-1.2	CC	Adverse
-1.2	-1.6	C	Bad
-1.6	-2	D	Critical

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