

# K.i.M MIDAS - Funding Needs Evaluation GROUP

Industry Code: MF

Job Number: 1153909518

	<u>LR</u>	<u>2006</u>	<u>2005</u>	<u>LR</u>
		<u>Credit Ratios</u>		
Current Ratio (x)	2.00	1.51	1.40	4.00
Quick Ratio (x)	4.00	0.52	0.55	4.00
Average LR Score (single-year)	<b>3.6</b>			<b>4.0</b>
Wtd Average LR Score (2-year)	<b>3.7</b>	LR1 = Excellent liquidity - LR6 = Poor liquidity		

At present, the firm's proportion of current assets do not provide significant cover to its current liabilities. Additional cash reserves need to be injected into its balance sheet. From a liquidity standpoint, there is limited capacity for the firm to incur additional borrowings as its proportion of current liabilities is already rather high compared to its current assets. Management may need to consider combined options of raising cash through sales and margins and control its level of current liabilities.

	<u>2006</u>	<u>2005</u>
<b>Working capital / total</b>	31.97%	26.78%

For the period, its working capital position greater than the previous amount of 49,299,154 - the current period's position 58,253,724. This figure represents circa 31.97% of total assets as compared to the previous position 26.78%.

Table A	<u>2006</u>	<u>2005</u>	<u>Notes</u>	<u>2006</u>	<u>2005</u>	<u>Change (%)</u>
Cash	12,667,503.00	12,280,175.00	1	6.95%	6.67%	3.15%
Trade debtors	46,293,734.00	53,886,997.00	2	25.41%	29.27%	-14.09%
Stocks	113,571,212.00	104,570,710.00	3	62.34%	56.80%	8.61%
Other CA	659,033.00	1,272,942.00	4	0.36%	0.69%	-48.23%

**1** higher proportion of cash to assets compared with previous year.

**2-4** non-cash assets formed around 88% of assets, worth a total \$160,523,979 in 2006.

GROUP chalked revenue of \$347,264,132 compared to \$337,092,4 in 2005. This was a sluggish performance compared with 2005, registering a change 3.02%.

GROUP posted a modest change in its cashflows 3.15%, making its total cash forming a relatively small part of its revenue stream at 3.65% vs 3.64% in 2005.

The firm posted a modest improvement in its total cash balances in absolute terms, and this was achieved on the back of an improving revenue growth during the period.

A higher proportion of cash to total assets was achieved during the year - the firm generated higher level of cash for every dollar of assets being invested.

From the table above, it can be seen that a lower proportion of trade debtors exist in its balance sheet for the year – fewer debtors are being generated as a percentage of total assets, compared to the previous period.

Meanwhile, a higher proportion of inventories exist in its balance sheet – more inventories are being stocked up as a percentage of total assets, compared to the previous period.