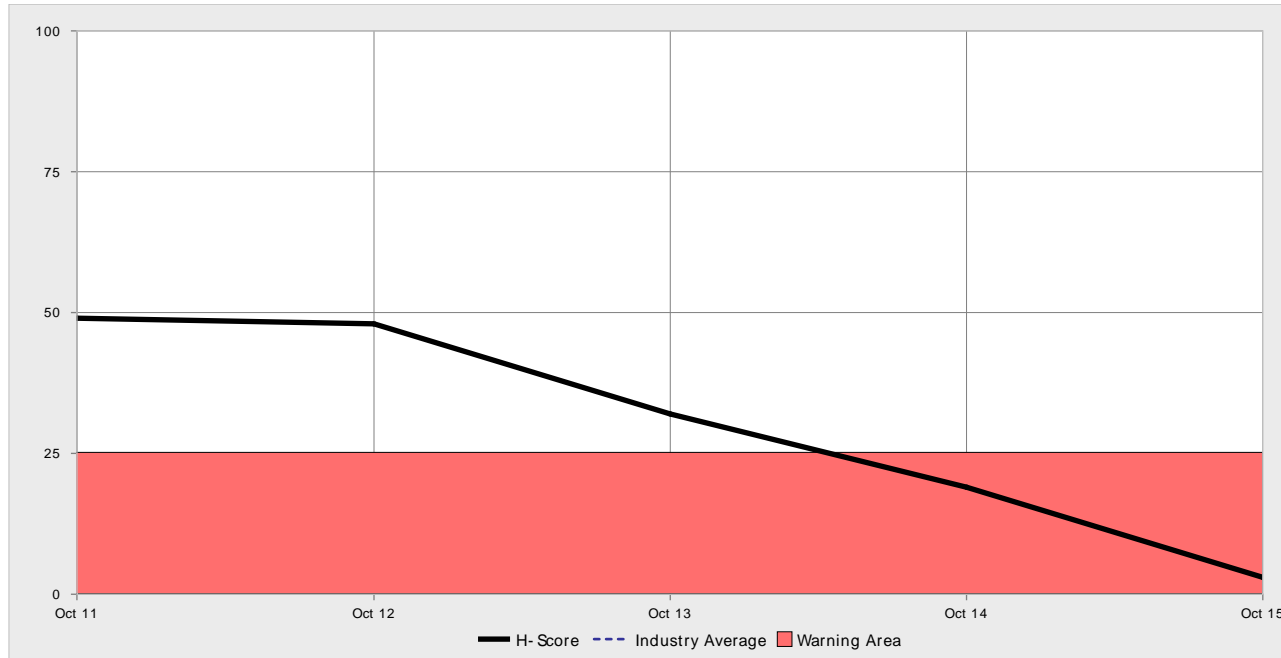


Health Profile - H-Score<sup>®</sup>



The **H-Score** is the overall measure of the company's financial health. Companies in the Warning Area may be vulnerable and should be viewed with care. As long as any company remains outside the Warning Area, it has a low likelihood of failure. For further information please see Appendix 2 (page 9).

H-Score<sup>®</sup> : **3**

Industry Average:

**N/A**

The Industry Average is the average H-Score of companies in the same Industry sector.

	10/11	10/12	10/13	10/14	10/15
H-Score	49	48	32	19	3
Industry Average					

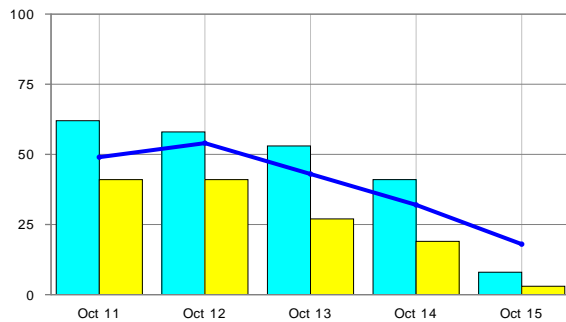
Financial Summary

Currency: USD'000s

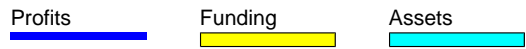
(See pages 5 to 7)

Period	Sales	Earnings before tax	Total assets	Net worth
10/15	1,345,940	-298,055	922,523	-289,667
10/14	1,570,399	-332,120	1,256,664	57,510
10/13	1,810,570	-73,191	1,620,470	387,658
10/12	2,013,239	-2,186	1,718,240	602,236
10/11	1,953,061	-32,185	1,764,223	622,622

Factor Profile - Fundamentals

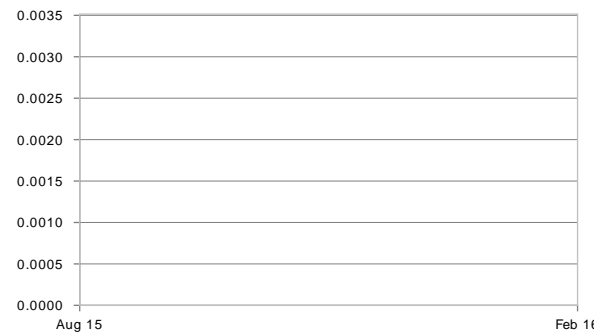


The contribution to the Financial Health from the strength of the management of:



For further information please see Appendix 3 (page 10)

Equity Profile - Market view



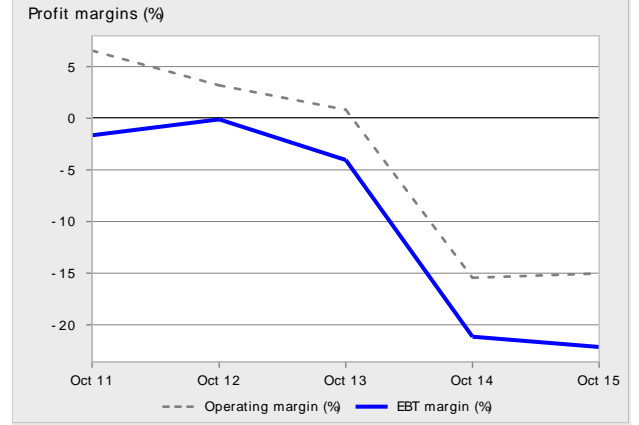
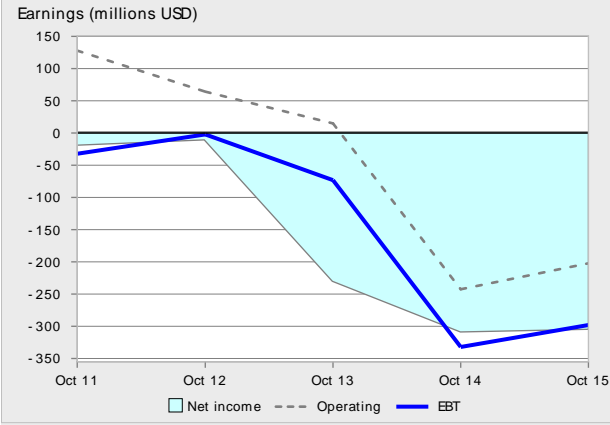
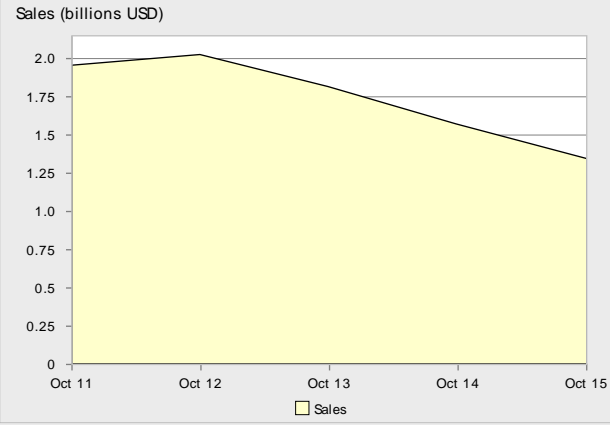
Data as at: 15 Feb 2016 (USD)

Stock Price	52 Week High	52 Week Low	PE Ratio	Market Cap. (m)
0.00	2.17	0.00		0.6

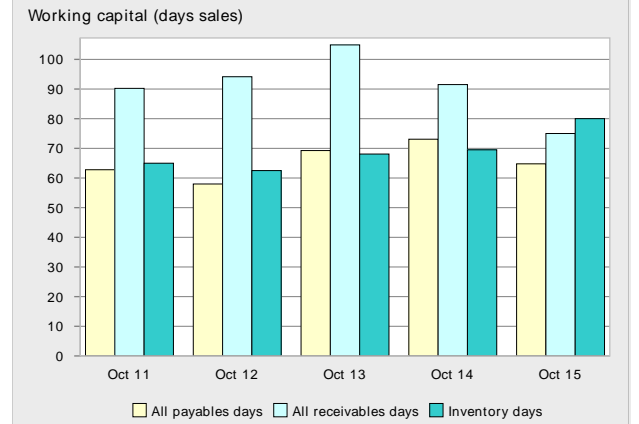
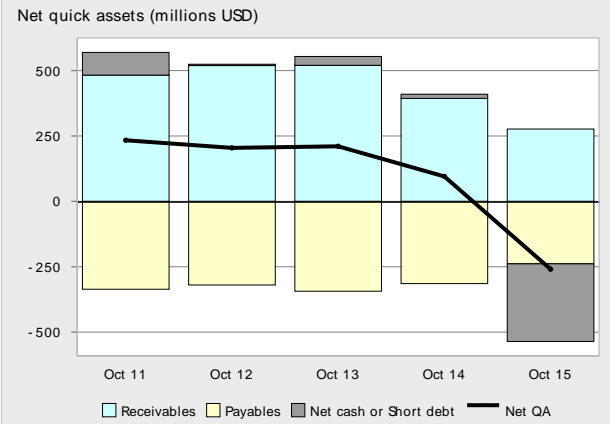
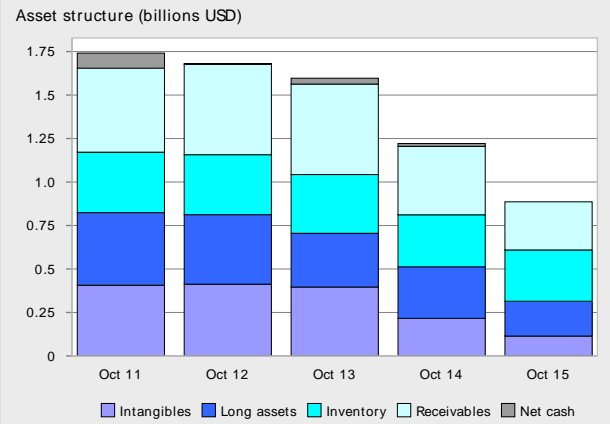
Comments

Event history (latest) - Emerged from Chapter 11 in Jan 2016

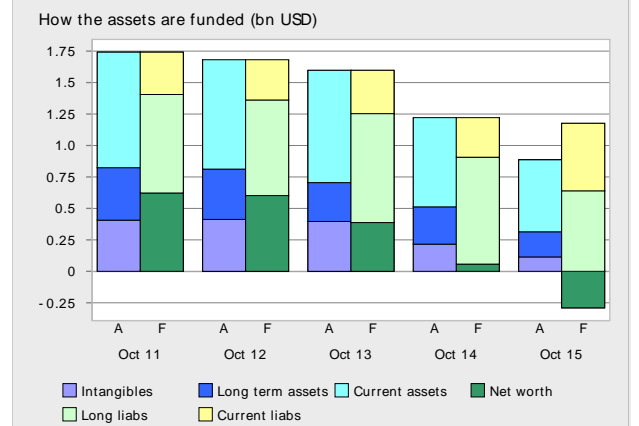
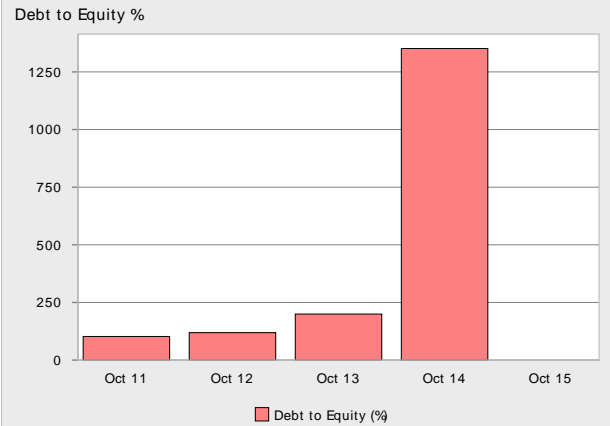
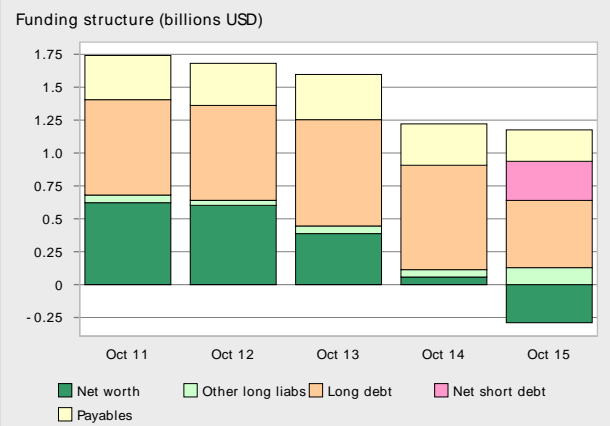
Income



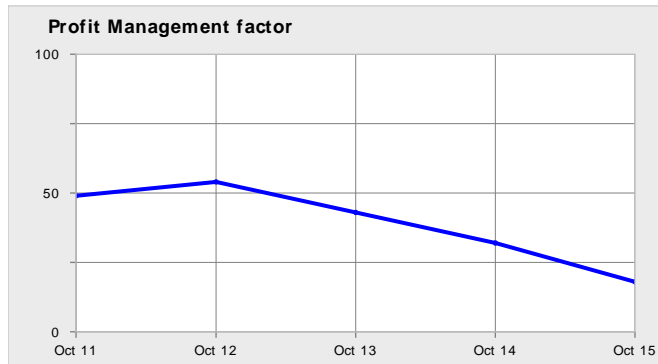
Assets



Funding



## PROFIT MANAGEMENT - 1. Profitability



### Factor Description

The Profit Management factor measures the contribution that profits are making towards minimising immediate financial risk.

(H) : the higher the better  
(L) : the lower the better

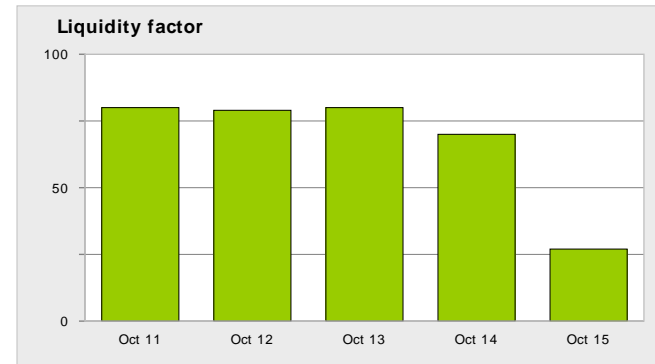
Period	10/11	10/12	10/13	10/14	10/15
Factor Score	49	54	43	32	18
EBT + amortisation - 1 (H)	-32,185	-2,186	-71,191	-151,923	-215,472
Current liabilities - 2 (L)	335,967	319,822	343,552	314,432	535,799

(1) In cases where the financial year is shorter or longer than 12 months EBT and Amortisation/Impairment has been annualised

(2) Cash (incl. Short term investments) & Debt due within 1 year are netted off

## ASSET MANAGEMENT - 2. Liquidity

Currency: USD'000s



### Factor Description

The Liquidity Factor is a measure of: The adequacy of the Quick Assets (Cash & Receivables) taking into account the immediate demand on them from the Current liabilities (Payables & Short term debt) and the outgoing Expenses of the business.

(H) : the higher the better  
(L) : the lower the better

Period	10/11	10/12	10/13	10/14	10/15
Factor Score	80	79	80	70	27
Quick assets - 1 (H)	569,571	524,329	554,053	409,683	276,583
Current liabilities - 2 (L)	335,967	319,822	343,552	314,432	535,799
Expenses - 3,4 (L)	1,985,246	2,015,425	1,883,761	1,902,519	1,643,995

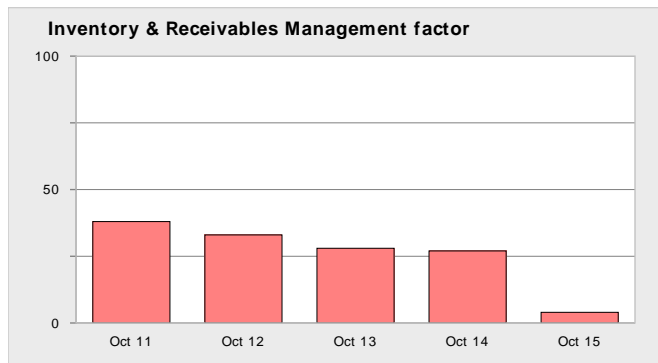
(1) Receivables & cash (cash incl. Short term investments) & debt due within 1 year are netted off

(2) Cash (incl. Short term investments) & Debt due within 1 year are netted off

(3) Sales less Earnings before tax

(4) In cases where the financial year is shorter or longer than 12 months Expenses has been annualised

## 3. Inventory & Receivables Management



### Factor Description

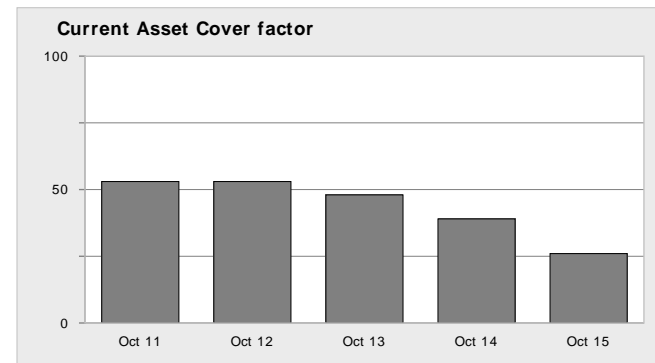
The Inventory & Receivables Management factor measures the degree to which the investment in working capital is supported by long term funding (net of intangibles).

(H) : the higher the better  
(L) : the lower the better

Period	10/11	10/12	10/13	10/14	10/15
Factor Score	38	33	28	27	4
Inventory (L)	347,757	344,746	337,715	299,045	295,062
Receivables (L)	482,781	519,300	520,261	393,693	276,583
Long term funding - 1 (H)	998,561	949,008	857,209	690,739	235,900

(1) Net worth (after netting off Intangibles) + Long term liabilities

## 4. Current Asset Cover



### Factor Description

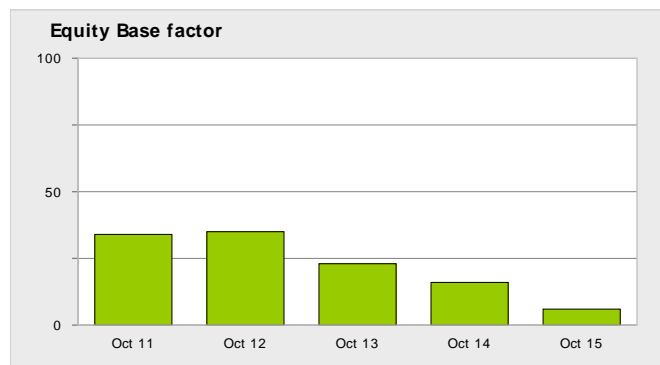
The Current Asset Cover Factor measures the cover available from the Current assets (Inventory, Receivables & Cash) to meet the short- and long-term liabilities of the company.

(H) : the higher the better  
(L) : the lower the better

Period	10/11	10/12	10/13	10/14	10/15
Factor Score	53	53	48	39	26
Current assets - 1 (H)	917,328	869,075	891,768	708,728	571,645
Total liabilities - 1 (L)	1,118,638	1,079,210	1,209,324	1,163,793	1,175,729

(1) Cash (incl. Short term investments) & Debt due within 1 year are netted off

### FUNDING MANAGEMENT - 5. Equity Base



#### Factor Description

The Equity Base Factor measures the adequacy of the company's capital base. It compares the Net worth (net of intangibles) to all its liabilities (including, but not restricted to, its borrowing).

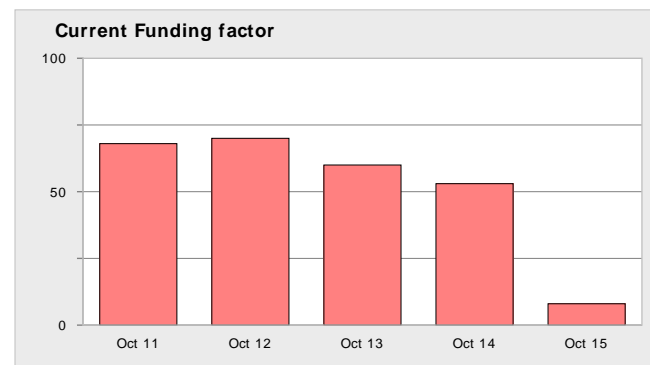
(H) : the higher the better  
(L) : the lower the better

Period		10/11	10/12	10/13	10/14	10/15
Factor Score		34	35	23	16	6
Total liabilities - 1	(L)	1,118,638	1,079,210	1,209,324	1,163,793	1,175,729
Net worth - 2	(H)	215,890	189,620	-8,563	-158,622	-404,030

- (1) Cash (incl. Short term investments) & Debt due within 1 year are netted off  
(2) Net of Intangibles

### 6. Current Funding

Currency: USD'000s



#### Factor Description

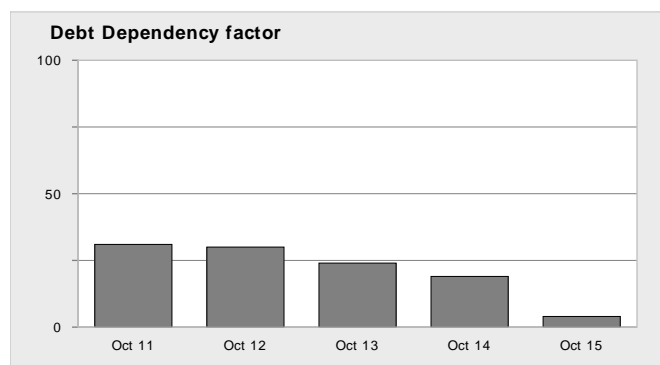
The Current Funding Factor measures the degree to which the Total tangible assets are funded out of Short-term liabilities. The greater the reliance on Short-term funding, the worse.

(H) : the higher the better  
(L) : the lower the better

Period		10/11	10/12	10/13	10/14	10/15
Factor Score		68	70	60	53	8
Current liabilities - 1	(L)	335,967	319,822	343,552	314,432	535,799
Total tang. assets - 2	(H)	1,334,528	1,268,830	1,200,761	1,005,171	771,699

- (1) Cash (incl. Short term investments) & Debt due within 1 year are netted off  
(2) Total tangible assets (Total assets - Intangible assets). Cash (incl. Short term investments) & Debt due within 1 year are netted off

### 7. Debt Dependency



#### Factor Description

The Debt Dependency Factor measures the degree to which the company is dependent on debt for its funding. The higher the reliance on external bank debt, the worse.

(H) : the higher the better  
(L) : the lower the better

Period		10/11	10/12	10/13	10/14	10/15
Factor Score		31	30	24	19	4
Short term debt - 1	(L)	0	0	0	0	296,934
Long term debt	(L)	724,723	721,175	807,812	793,229	511,015
Total debt	(L)	724,723	721,175	807,812	793,229	807,949
Total tang. assets - 2	(H)	1,334,528	1,268,830	1,200,761	1,005,171	771,699

- (1) Debt due within 1 year (net of Cash and Short term investments)  
(2) Total tangible assets (Total assets - Intangible assets). Cash (incl. Short term investments) & Debt due within 1 year are netted off

### Comment

The H-Score model initially reviews any company from the seven points of view (the seven fundamental Factors) simultaneously in order to obtain a comprehensive evaluation of its financial health. This measures the strength of the company's fundamentals.

The **power** that each Factor has, to materially affect the H-Score will vary from company to company depending on the nature of the company's financial structure.

**For further information please see the Appendix**

**Income Statement**

USD'000s

	10/15	10/14	10/13	10/12	10/11
Months in period	12	12	12	12	12
Sales	1,345,940	1,570,399	1,810,570	2,013,239	1,953,061
Cost of sales	-724,560	-755,620	-888,181	-979,661	-873,968
<b>Gross profit</b>	<b>621,380</b>	<b>814,779</b>	<b>922,389</b>	<b>1,033,578</b>	<b>1,079,093</b>
Other operating income/costs	-765,452	-1,046,382	-895,188	-969,376	-951,208
Special items	-58,191	-10,934	-12,327	0	0
<b>Operating profit</b>	<b>-202,263</b>	<b>-242,537</b>	<b>14,874</b>	<b>64,202</b>	<b>127,885</b>
Operating profit includes: Amortisation & impairment*	-82,583	-180,197	-2,000	0	0
Interest & other income	-29,063	-13,592	-17,016	-5,565	-86,262
Interest paid	-66,729	-75,991	-71,049	-60,823	-73,808
<b>Earnings before tax</b>	<b>-298,055</b>	<b>-332,120</b>	<b>-73,191</b>	<b>-2,186</b>	<b>-32,185</b>
Tax	-15,637	4,325	-166,220	-7,557	14,315
<b>Earnings after tax</b>	<b>-313,692</b>	<b>-327,795</b>	<b>-239,411</b>	<b>-9,743</b>	<b>-17,870</b>
Other	7,520	18,418	6,846	-1,013	-3,388
<b>Net income</b>	<b>-306,172</b>	<b>-309,377</b>	<b>-232,565</b>	<b>-10,756</b>	<b>-21,258</b>
No. of employees (heads)	5,700	6,100	6,300	7,000	6,600

**Cash flow Statement**

USD'000s

	10/15	10/14	10/13	10/12	10/11
Months in period	12	12	12	12	12
Operating activities	-42,587	-26,935	27,192	-13,539	54,149
Investing activities	-3,734	6,148	-53,893	-67,000	-82,622
Financing activities	46,046	13,621	49,664	20,933	23,159
Other	-9,928	-3,450	-7,506	-8,324	-5,526
<b>Net change in cash</b>	<b>-10,203</b>	<b>-10,616</b>	<b>15,457</b>	<b>-67,930</b>	<b>-10,840</b>

\*Amortisation & Impairment of Intangibles is a Memo item only and is not included in the add-down.

**Balance Sheet**

USD'000s

	10/15	10/14	10/13	10/12	10/11
Months in period	12	12	12	12	12
Cash and equivalent	36,461	46,664	57,280	41,823	109,753
Short term investments	0	4,687	0	0	0
Accounts receivable	213,493	319,840	411,638	433,743	397,089
Other current receivables	63,090	73,853	108,623	85,557	85,692
Inventory	295,062	299,045	337,715	344,746	347,757
Other non-liquid assets	0	0	0	0	0
<b>Current assets</b>	<b>608,106</b>	<b>744,089</b>	<b>915,256</b>	<b>905,869</b>	<b>940,291</b>
Intangible assets	114,363	216,132	396,221	412,616	406,732
Property, plant & equipment	160,379	213,768	231,261	238,313	238,107
Other long term assets	39,675	82,675	77,732	161,442	179,093
<b>Total long term assets</b>	<b>314,417</b>	<b>512,575</b>	<b>705,214</b>	<b>812,371</b>	<b>823,932</b>
<i>Total assets</i>	<i>922,523</i>	<i>1,256,664</i>	<i>1,620,470</i>	<i>1,718,240</i>	<i>1,764,223</i>
Debt - due within 1 year	333,395	35,361	23,488	36,794	22,963
Accounts payable	143,517	168,307	201,675	203,572	203,023
Other current payables	95,348	146,125	141,877	116,250	132,944
<b>Current liabilities</b>	<b>572,260</b>	<b>349,793</b>	<b>367,040</b>	<b>356,616</b>	<b>358,930</b>
Long term debt	511,015	793,229	807,812	721,175	724,723
Other long liabilities	128,915	56,132	57,960	38,213	57,948
<b>Long term liabilities</b>	<b>639,930</b>	<b>849,361</b>	<b>865,772</b>	<b>759,388</b>	<b>782,671</b>
Minority interest	0	1,480	17,952	18,926	12,524
Shareholders' equity	-289,667	56,030	369,706	583,310	610,098
<b>Net worth</b>	<b>-289,667</b>	<b>57,510</b>	<b>387,658</b>	<b>602,236</b>	<b>622,622</b>
<i>Total liabilities &amp; Net worth</i>	<i>922,523</i>	<i>1,256,664</i>	<i>1,620,470</i>	<i>1,718,240</i>	<i>1,764,223</i>

**Financial ratios**

<b>Profitability</b>	<b>10/15</b>	<b>10/14</b>	<b>10/13</b>	<b>10/12</b>	<b>10/11</b>
Operating margin (%)	-15.0	-15.4	0.8	3.2	6.5
EBT margin (%)	-22.1	-21.1	-4.0	-0.1	-1.6
Return on net worth (%)	-ve NW	-577.5	-18.9	-0.4	-5.2
Return on assets (%)	n/a	n/a	n/a	3.4	2.4
Interest cover (%)	-3.5	-3.4	-0.0	1.0	0.6
Tax rate (%)					

**Trading/Funding**

Sales:Tangible long assets	8.4	7.3	7.8	8.4	8.2
Sales:Net worth	-ve NW	27.3	4.7	3.3	3.1
Debt to Equity (%)	-ve NW	1,351.5	199.7	118.9	102.5

**Liquidity**

Current ratio	1.1	2.1	2.5	2.5	2.6
Acid test ratio	0.5	1.3	1.6	1.6	1.7

**Working capital:sales**

Inventory days	80.0	69.5	68.1	62.5	65.0
Accounts receivable days	57.9	74.3	83.0	78.6	74.2
All other receivables days	17.1	17.2	21.9	15.5	16.0
Accounts payable days	38.9	39.1	40.7	36.9	37.9
All other payables days	25.9	34.0	28.6	21.1	24.8

**Staff (USD'000s)**

Sales per head	236.1	257.4	287.4	287.6	295.9
Earnings before tax per head	-52.3	-54.4	-11.6	-0.3	-4.9

Table of Contents

1. Corporate Information

2. The H-Score explained

3. The 7 Factors explained

APPENDIX

# Corporate Information

<b>Last Update:</b>	09 Feb 2016	<b>Industry:</b>	Men'S And Boys' Furnishings, Work Clothing, And Allied Garments	
<b>Address:</b>	5600 ARGOSY CIRCLE BUILDING 100 HUNTINGTON BEACH, CALIFORNIA	<b>Accounting Currency:</b>	USD	<b>Market Cap (m):</b> 0.6
<b>Country of Incorporation:</b>	United States of America	<b>Exchange:</b>	New York Stock Exchange	<b>Symbol:</b> ZQK

**Activity**

The Company designs, develops, markets, and distributes branded apparel, footwear, accessories, and related products primarily for men, women, and children.

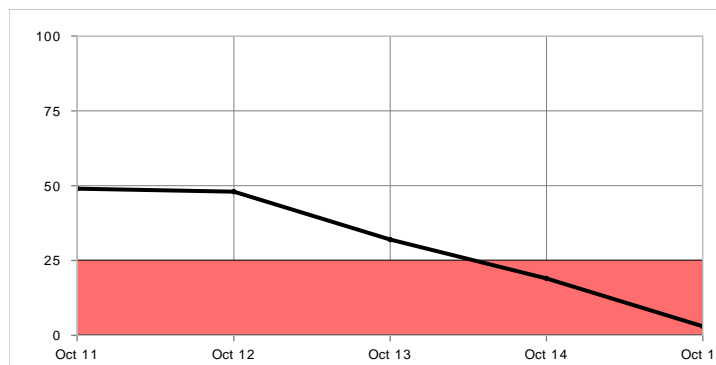


Table of Contents

- 1. Corporate Information
- 2. The H-Score explained**
- 3. The 7 Factors explained

APPENDIX

## The H-Score Explained



The H-Score is a measure of the financial health of a company. It is based on a statistical evaluation of a company's publicly available financial results, an evaluation that reviews a company from seven different points of view simultaneously in order to determine its overall financial health.

Displayed graphically over several years, it is a ranking of all companies on a scale of 0 (worst) to 100 (best). Companies in the Warning Area (H-Score of 25 or less) share the characteristics of companies that subsequently failed and may be vulnerable. It is rare for companies to fail or experience major distress as long as their H-Score remains outside the Warning Area.

Historically 1 in 4 companies in the Warning Area have either failed or had a major financial reconstruction within 3 years. Companies in the Warning Area will include:

- Companies that have one or more serious weaknesses and would be better off correcting them. This describes the majority of companies in the Warning Area.
- Companies temporarily weakened by a major event. (e.g. Major acquisition financed short term.) In many cases such companies are able to trade themselves out of such a position in a reasonably short time. However, it is important to recognise the existence of such an issue when it does arise, because it could turn into a serious weakness if not addressed.
- Companies that have a proven ability to run their business successfully from an inherently weak Balance Sheet position (e.g. Companies with a proven history of profitable sales growth but accompanied by negative tangible net worth and high levels of debt). Such companies are usually rather more dependent on their continuing sales growth and profitability in order to retain the confidence of their suppliers, lenders and investors.

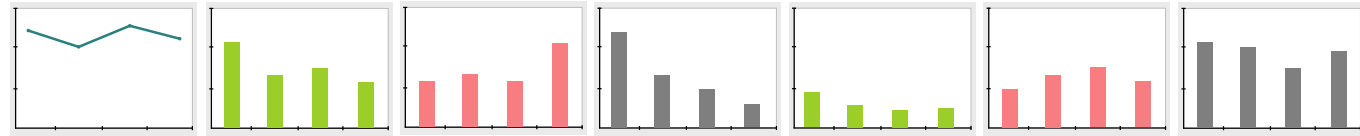
The dotted line on the graph represents the average H-Score for companies in the same industry category in three size bands (small, medium, large). It is not shown when the total number of companies is less than 5.

**Table of Contents**

- 1. Corporate Information
- 2. The H-Score explained
- 3. The 7 Factors explained**

APPENDIX

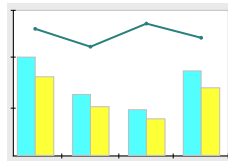
## The 7 Factors Explained



### Strengths and Weaknesses

The H-Score model reviews the fundamentals of each company from seven points of view in order to determine a comprehensive evaluation of its financial health. The 7 Factor Graphs direct your attention to the strengths and weaknesses that the model has detected. The figures below each graph provide the explanation. Not every company should be expected to be strong on all 7 factors. For example, property companies will be weak on "Current Asset Cover". Food Retailers will have a poor "Liquidity Factor" because they will have received the cash for goods that they have yet to pay to their suppliers. Both examples are normal for such companies. So long as they compensate for that in other ways, that is not a problem. The model looks at the company as a whole and the result is reflected in the H-Score. The individual factors provide the explanation of the reasons why.

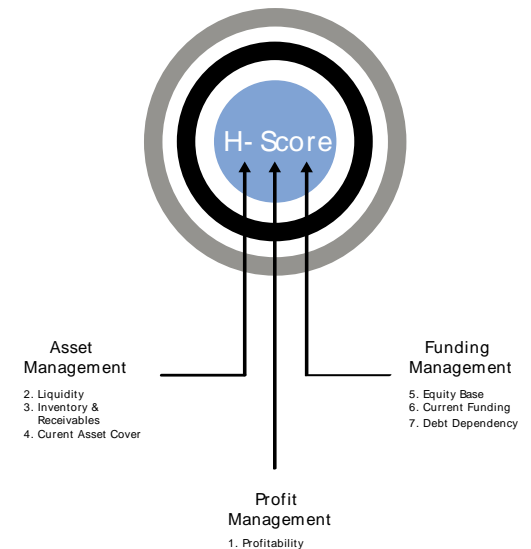
### The Factor Profile



This summarises the 7 factors into a single graph and is the first level of drill-down which begins to explain where the company's strengths and weaknesses lie and how they have changed over the past five years.

The Factor Profile is designed to act as a "signpost", directing attention to where to look. The seven factors are summarised into three groups showing the contribution to the company's financial health from:

1. The Profits
2. The strength of the financial management of its assets (liquidity, working capital etc.)
3. The strength of the funding (equity base, debt dependency, current funding)



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