Performance Highlights

Prepared for

Nexus Computers

Period under review

Mar 2014

Created on

18th April 2014

Executive Summary

OBSERVATIONS

Comparing Mar 2014 with the prior month Feb 2014.

REVENUE

Total Revenue $0 (Last Month $536)

Negative trend downwards. Average monthly revenue for the past 6 months is $89

- PROFITABILITY

EBIT Margin % - (Last Month -180.16%)

Strategies to improve profitability include: increasing price, increasing sales volume, reducing cost of sales and reducing operating expenses.

WORKING CAPITAL

Cash Conversion Cycle 0.00 days (Last Month -11.00 days)

Negative trend upwards. Strategies to improve cash conversion include: collecting debt faster, reducing inventory levels, billing work in progress faster and paying creditors slower.

CASH FLOW

Free Cash Flow $0 (Last Month -$672)

Free Cash Flow is neither positive nor negative. After paying its operating expenses and investing for future growth (capital expenditures) the business has not generated cash. No cash is available to be paid back to the suppliers of capital.

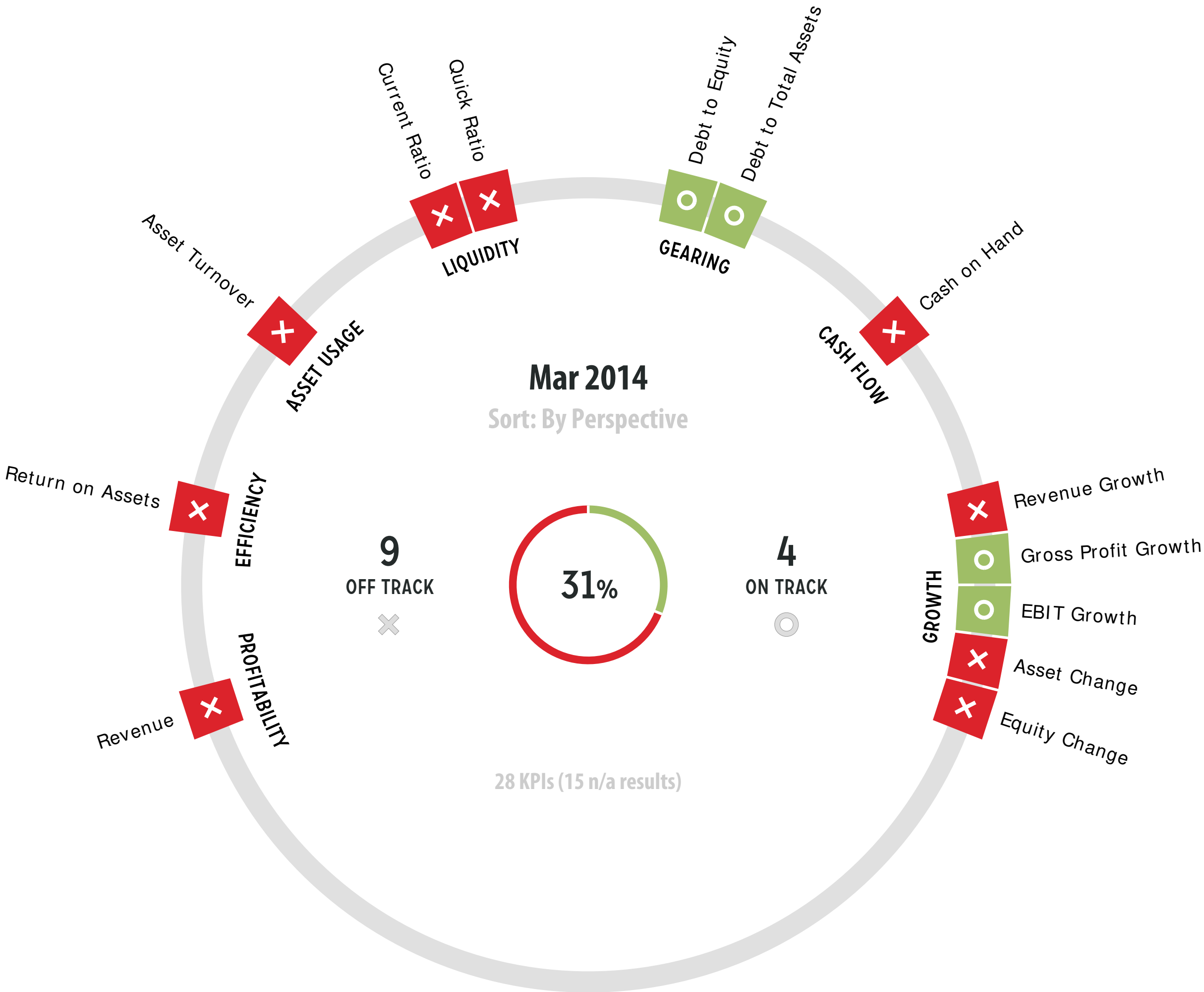
ALERTS

The following KPIs have exceeded the alert levels:

Current Ratio, Quick Ratio

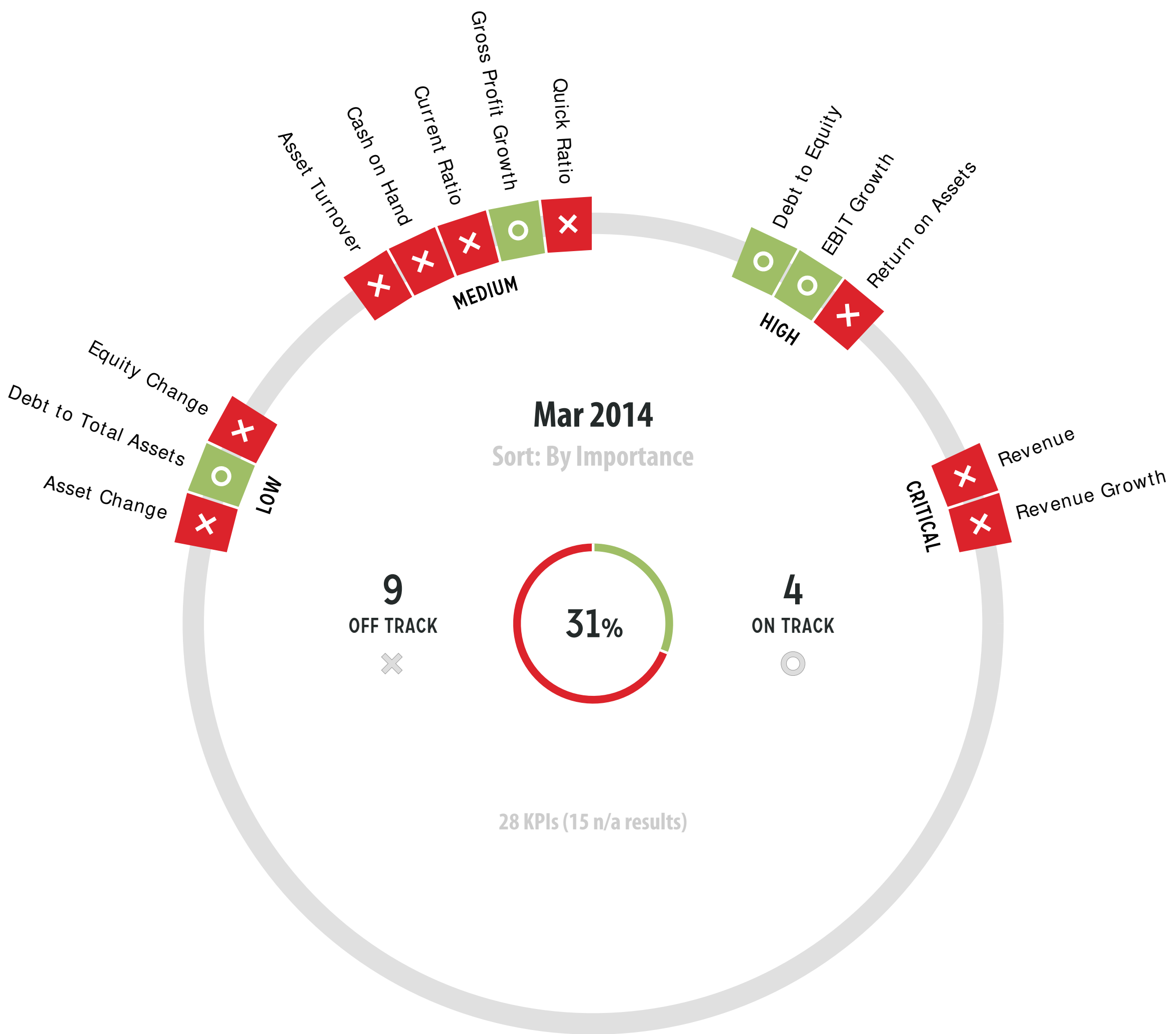
KPI Results

This chart shows KPIs grouped into performance **perspectives** – such as profitability, cash flow, growth, efficiency...



KPI Results

In the following, KPIs are sorted by degree of **importance**. KPIs are classified as either low, medium, high or critical importance.



KPI Summary

	2 ALERTS	RESULT	TARGET		TREND	IMPORTANCE
A PROFITABILITY		MAR 2014			vs FEB 2014	
Total Revenue		$0	$10,000	✗	▼ -100%	Critical
Gross Profit Margin		-	35.00%	-	-	Medium
Operating Profit Margin		-	25.00%	-	-	High
Profitability Ratio		-	15.00%	-	-	Critical
Net Profit After Tax Margin		-	7.00%	-	-	Medium
B ACTIVITY						
Activity Ratio		-	2.00 times	-	-	Critical
Accounts Receivable Days *		-	40.00 days	-	-	Medium
Accounts Payable Days		-	45.00 days	-	-	Medium
C EFFICIENCY						
Return on Equity		-	15.00%	-	-	Critical
Return on Assets		0.00%	20.00%	✗	▲ 3,565.65%	High
Return on Capital Employed		-	12.50%	-	-	Critical
Gross Margin Return on Inventory		-	150.00%	-	-	Low
D ASSET USAGE						
Asset Turnover		0.00 times	5.00 times	✗	▼ -19.79 times	Medium
Working Capital Absorption *		-	25.00%	-	-	Low
E LIQUIDITY						
Current Ratio	●	0.43:1	2.00:1	✗	0.00:1	Medium
Quick Ratio	●	0.43:1	1.00:1	✗	0.00:1	Medium
F COVERAGE						
Interest Cover		-	2.00 times	-	-	Medium
Debt Payback *		-	5.00 Yrs	-	-	High
G GEARING						
Debt to Equity *		0.00%	100.00%	✓	0.00%	High
Debt to Total Assets *		0.00%	50.00%	✓	0.00%	Low
H CASH FLOW						
Cash on Hand		$3	$10,000	✗	0%	Medium
Cash Flow Margin		-	120.00%	-	-	Low
Net Variable Cash Flow		-	0.00%	-	-	Medium

KPI Summary

2 ALERTS	RESULT	TARGET		TREND		IMPORTANCE
I GROWTH	MAR 2014			vs FEB 2014		
Revenue Growth	-100.00%	0.41%	✗	▼	-	Critical
Gross Profit Growth	100.00%	0.17%	✓	▲	196.15%	Medium
EBIT Growth	100.00%	0.17%	✓	▲	166.37%	High
Asset Change	0.00%	0.25%	✗	▼	-270.33%	Low
Equity Change	0.00%	0.25%	✗	▲	104.25%	Low

* For this metric, a result below target is favourable

Alerts

Current Ratio

The Current Ratio is less than the alert level of 1.00:1. The business may have problems meeting its short-term obligations.

Quick Ratio

The Quick Ratio is less than the alert level of 0.50:1. A result less than 1.0 indicates that the business is dependent on less current assets (ie inventory) to liquidate short-term obligations.

Profitability

Revenue

$0

Represents all income associated with the normal business operations

Breakeven Point

-

The Breakeven point is the revenue level at which the company will commence to make a profit.

Margin of Safety

-

Represents the margin between the actual revenue level and the breakeven point. The amount by which revenues can drop before losses begin to be incurred. The higher the margin of safety, the lower the risk of incurring losses.

A BREAKEVEN POINT CANNOT BE CALCULATED WHEN THERE IS NO REVENUE

Profitability can be further improved by improving Price, Volume, Cost of Sales and Operating Expense management.

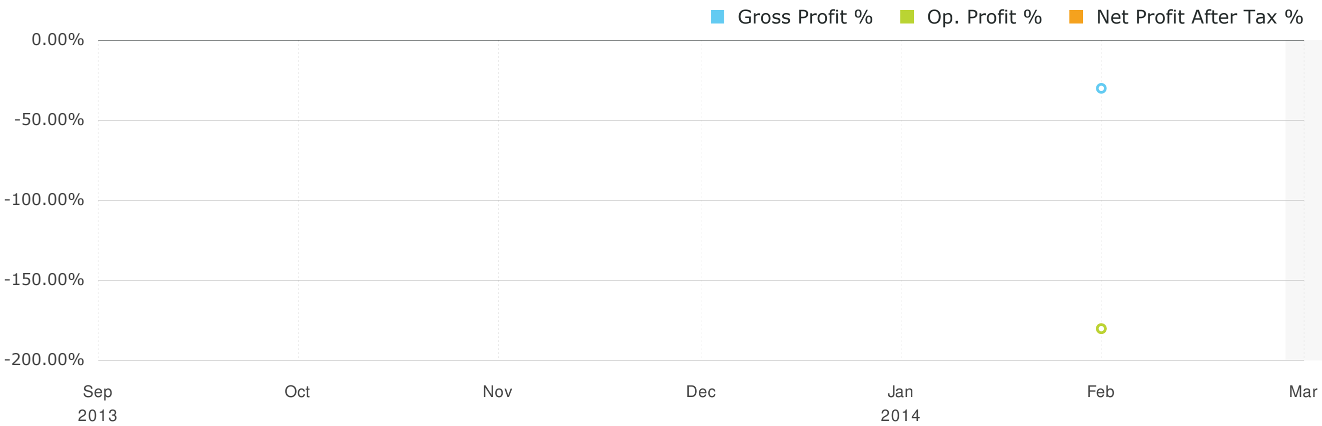
THERE ARE NO REVENUE ACCOUNTS

THERE ARE NO EXPENSE & COS ACCOUNTS

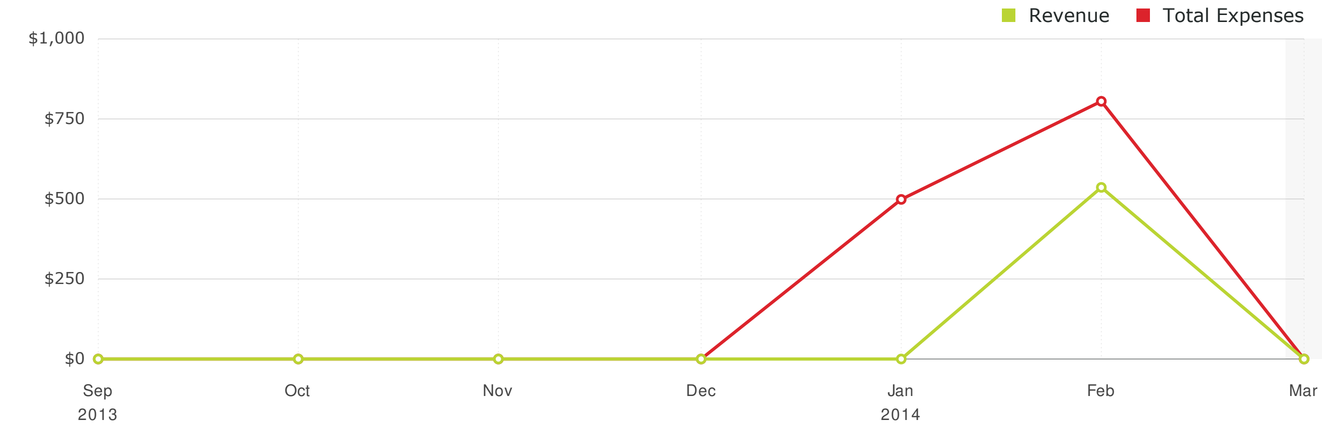
Profitability Trends

	Mar 2014	% of Revenue	Last 3 Months Dec 2013	Jan 2014	Feb 2014
Gross Profit	$0	-	$0	-$82	-$161
Operating Profit	$0	-	$0	-$581	-$966
Earnings before Interest & Tax	$0	-	$0	-$581	-$966
Net Profit After Tax	$0	-	$0	-$581	-$966

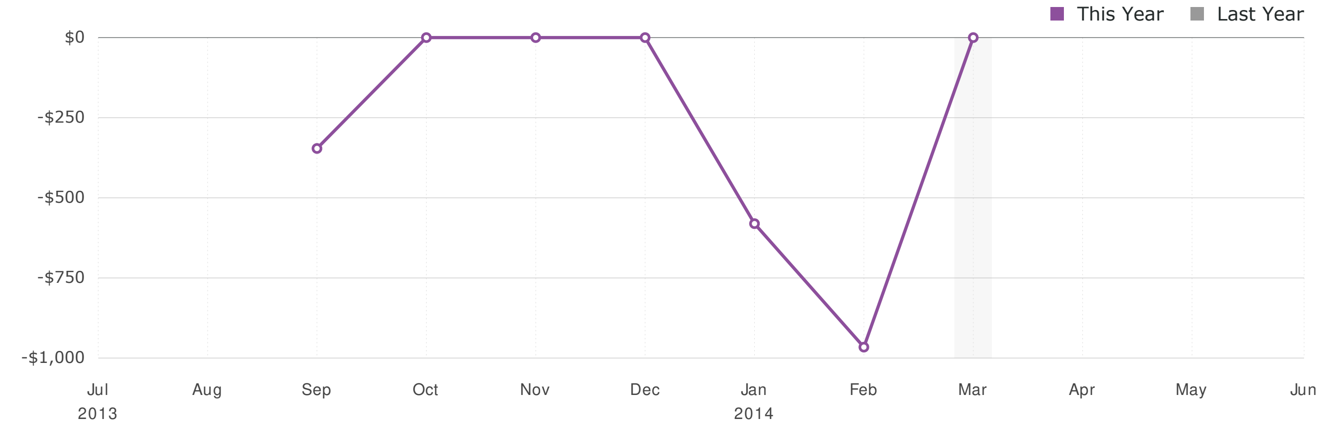
% Margins



Revenue vs Expenses. Current Month Revenue **$0** vs Total Expenses **$0**



Earnings After Tax This Year vs Last Year. This Year **$0.** Last Year -



Cash Flow

Operating Cash Flow

$0

Operating cash flow is simply the cash generated by the operating activities of the business. Operating activities include the production, sales and delivery of the company's product and/or services as well as collecting payment from its customers and making payment to suppliers.

Free Cash Flow

$0

Free cash flow is the cash generated by the business, after paying its expenses and investing for future growth. It is the cash left after subtracting capital expenditure from operating cash flow. The term "free cash flow" is used because this cash is free to be paid back to the suppliers of capital.

Net Cash Flow

$0

Net cash flow is the cash left after subtracting expenditures from financing activities from the free cash flow. This includes the cash impact from financing activities. Financing activities include the inflow of cash from investors such as banks and shareholders, as well as the outflow of cash to shareholders as dividends.

Cash Received   Cash Spent

$0 $25 $50 $75 $100

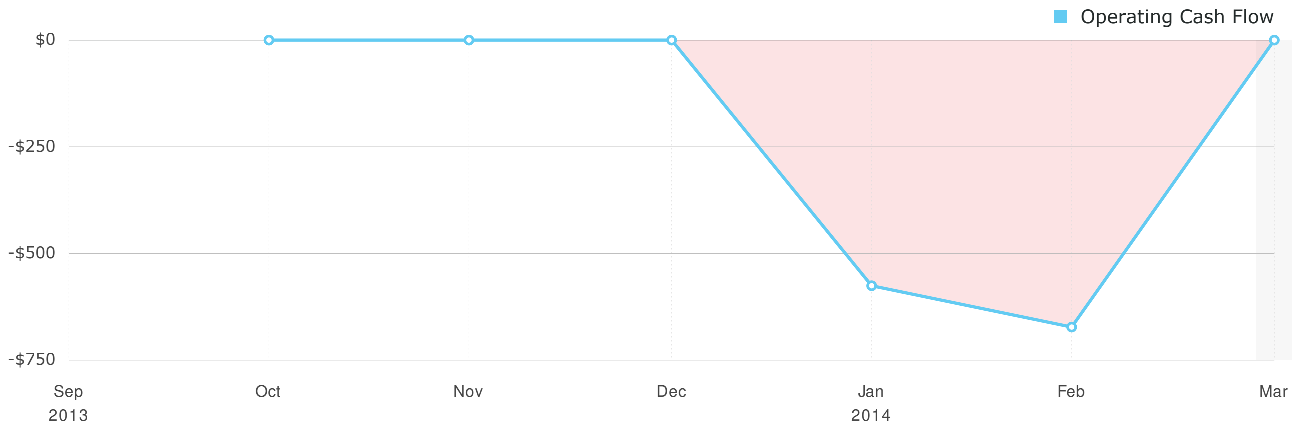
add:	Revenue	$0
less:	Cost of Sales	$0
less:	Expenses	$0
add:	Other Income	$0
less:	Cash Tax Paid	$0
add:	Change in Accounts Payable	$0
add:	Change in Other Current Liabilities	$0
less:	Change in Accounts Receivable	$0
less:	Change in Inventory	$0
less:	Change in Work in Progress	$0
less:	Change in Other Current Assets	$0
	OPERATING CASHFLOW	**$0**
less:	Change in Fixed Assets (ex. Depn and Amort)	$0
less:	Change in Intangible Assets	$0
less:	Change in Investment or Other Non-Current Assets	$0
	FREE CASHFLOW	**$0**
less:	Net Interest (after tax)	$0
add:	Change in Other Non-Current Liabilities	$0
less:	Dividends	$0
add:	Change in Retained Earnings and Other Equity	$0
less:	Adjustments	$0
	NET CASHFLOW	**$0**

Net Cashflow = **Change in Cash on Hand** $0 (Opening: $3 Closing: $3) - **Change in Debt** $0 (Opening: $0 Closing: $0)

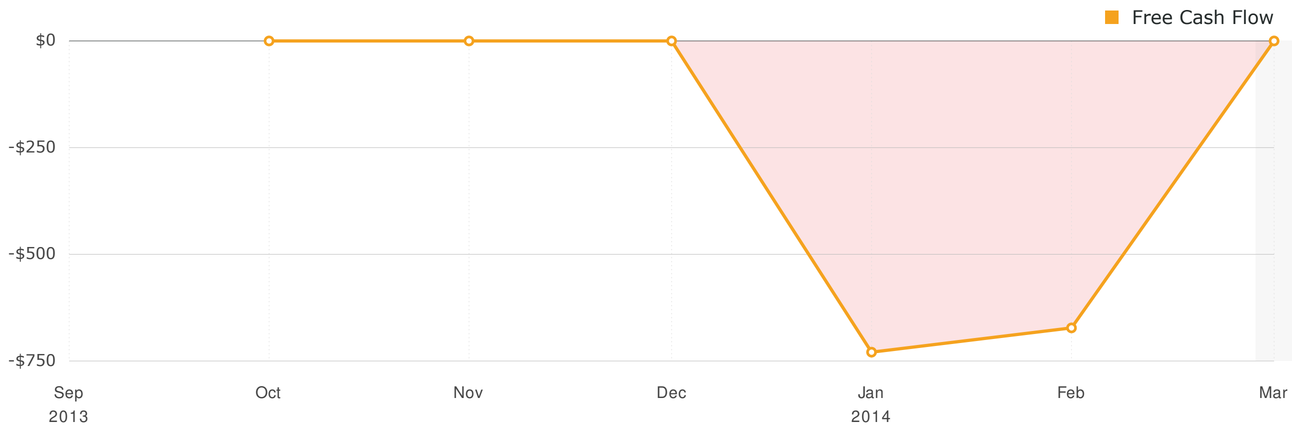
Cash Flow Trends

	Mar 2014	Last 3 Months Dec 2013	Jan 2014	Feb 2014
Operating Cash Flow	$0	$0	-$576	-$672
Free Cash Flow	$0	$0	-$729	-$672
Net Cash Flow	$0	$0	$20	$363
Cash on Hand	$3	-$381	-$361	$3

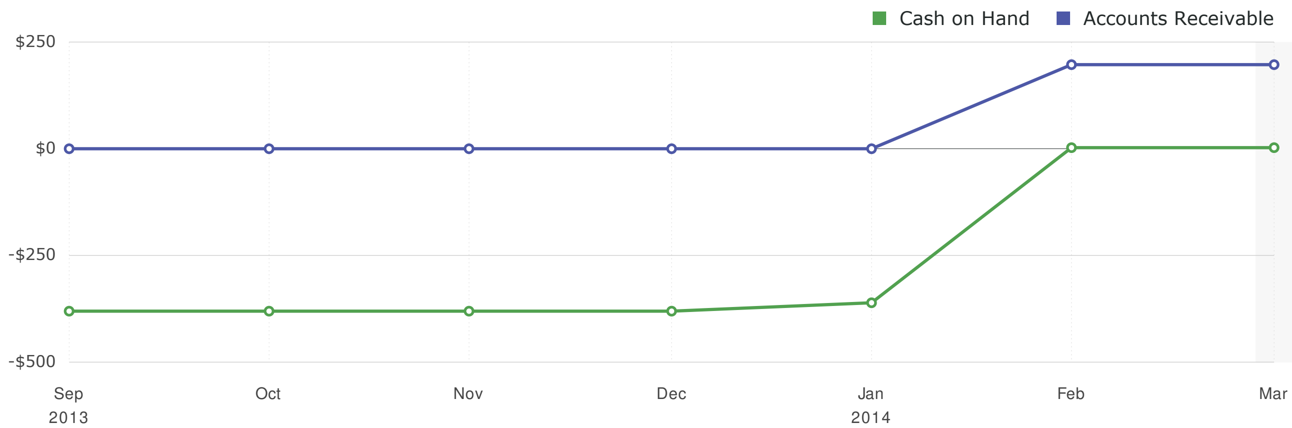
Operating Cash Flow. Current Month **$0**. Prior Month **-$672**



Free Cash Flow. Current Month **$0**. Prior Month **-$672**



Cash on Hand vs Accounts Receivable. Current Month Cash on Hand **$3** vs Accounts Receivable **$197**



Growth

Revenue Growth

-100.00%

A measure of the percentage change in Revenue for the period.

EBIT Growth

100.00%

A measure of the percentage change in EBIT for the period.

Asset Growth

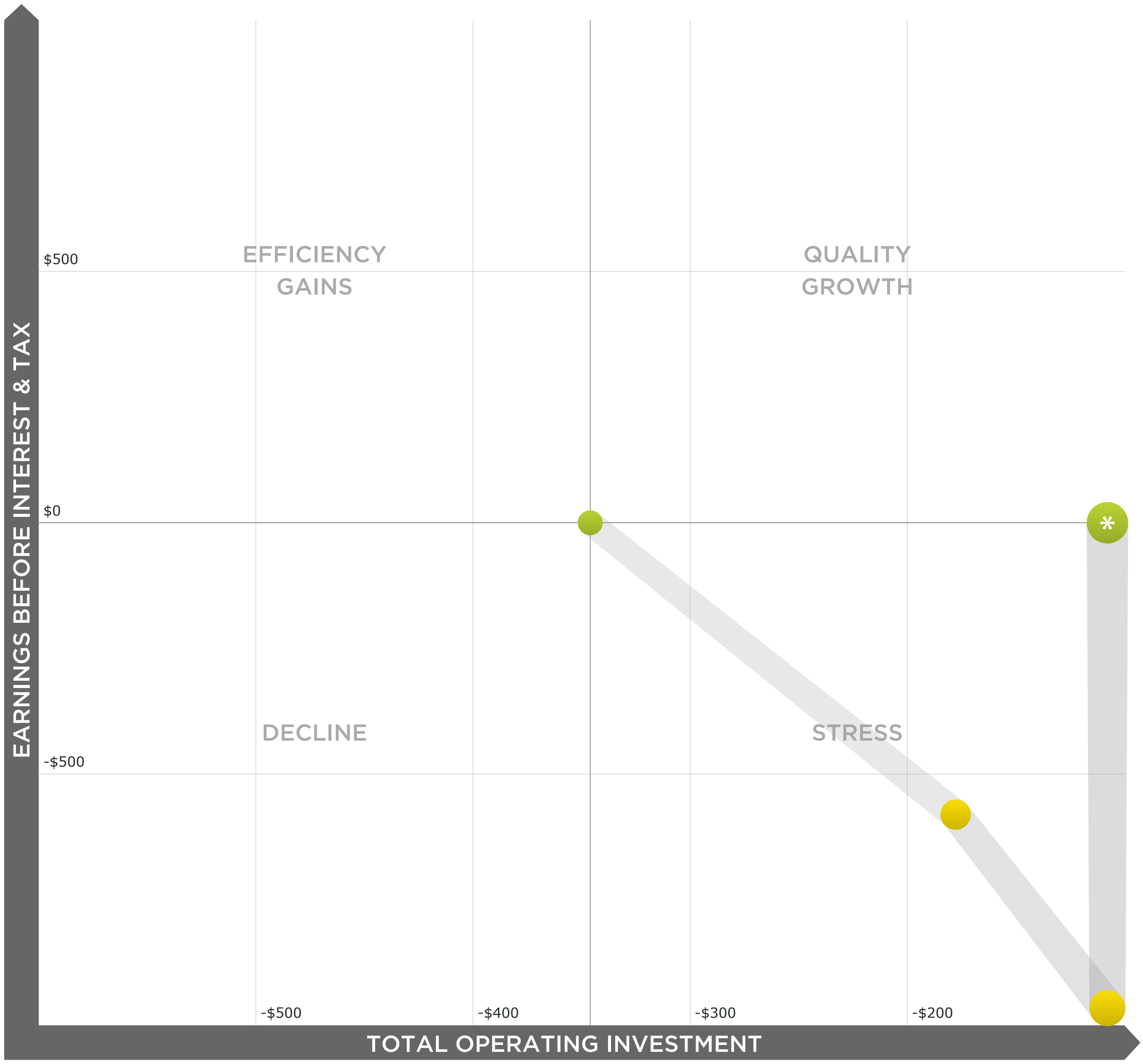
0.00%

A measure of the percentage change in Total Assets for the period.

Change in Key Drivers (from prior month)

Revenue	Cost of Sales	Expenses	Receivable Days	Inventory Days	Payable Days
Down -100%	Down -100%	Down -100%	-	-	-

GROWTH FROM Oct 2013 to Mar 2014



* EBIT = $0; Total Operating Investment = -$108

Size of the circle shows the recency of the result.

Vertical position of the circle shows the growth in EBIT

Horizontal position of the circle shows the growth in Operating Investment

Financial Statements

PROFIT AND LOSS	Mar 2014	Feb 2014		VARIANCE	%
Revenue	$0	$536		-$536	-100%
Cost of Sales	$0	$697		-$697	-100%
GROSS PROFIT	$0	-$161		$161	-100%
Expenses	$0	$805		-$805	-100%
OPERATING PROFIT	$0	-$966		$966	-100%
Other Income	$0	$0		$0	0%
Other Expenses	$0	$0		$0	0%
EARNINGS BEFORE INTEREST & TAX	$0	-$966		$966	-100%
Interest Income	$0	$0		$0	0%
Interest Expense	$0	$0		$0	0%
EARNINGS BEFORE TAX	$0	-$966		$966	-100%
Tax	$0	$0		$0	0%
EARNINGS AFTER TAX	$0	-$966		$966	-100%
Adjustments	$0	$0		$0	0%
NET INCOME	$0	-$966		$966	-100%
Dividends	$0	$0		$0	0%
RETAINED INCOME	$0	-$966		$966	-100%

BALANCE SHEET	Mar 2014	Feb 2014		VARIANCE	%
ASSETS					
Cash & Equivalents	$3	$3		$0	0%
Accounts Receivable	$197	$197		$0	0%
Inventory	$0	$0		$0	0%
Work in Progress	$0	$0		$0	0%
Other Current Assets	$0	$0		$0	0%
TOTAL CURRENT ASSETS	$200	$200		$0	0%
Fixed Assets	$154	$154		$0	0%
Intangible Assets	$0	$0		$0	0%
Investment or Other NCAs	$0	$0		$0	0%
TOTAL NON-CURRENT ASSETS	$154	$154		$0	0%
TOTAL ASSETS	$353	$353		$0	0%
LIABILITIES					
Short Term Debt	$0	$0		$0	0%
Accounts Payable	$519	$519		$0	0%
Tax Liability	$0	$0		$0	0%
Other Current Liabilities	-$58	-$58		$0	0%
TOTAL CURRENT LIABILITIES	$461	$461		$0	0%
Long Term Debt	$0	$0		$0	0%
Deferred Taxes	$0	$0		$0	0%
Other Non-Current Liabilities	$1,785	$1,785		$0	0%
TOTAL NON-CURRENT LIABILITIES	$1,785	$1,785		$0	0%
TOTAL LIABILITIES	$2,246	$2,246		$0	0%
EQUITY					
Retained Earnings	$0	$0		$0	0%
Current Earnings	-$1,893	-$1,893		$0	0%
Other Equity	$0	$0		$0	0%
TOTAL EQUITY	-$1,893	-$1,893		$0	0%
TOTAL LIABILITIES & EQUITY	$353	$353		$0	0%

KPIs Explained (A to Z)

NA Accounts Payable Days -

A measure of how long it takes for the business to pay its creditors. A stable higher number of days is generally an indicator of good cash management. A longer time taken to pay creditors has a positive impact on Cash Flow. But an excessive lengthening in this ratio could indicate a problem with sufficiency of working capital to pay creditors. For this period, accounts payable days are below the target of 45.00 days.

Accounts Payable Days = Accounts Payable * Period Length / Cost of Sales

NA Accounts Receivable Days -

A measure of how long it takes for the business to collect the amounts due from customers. A lower number indicates that it takes the business fewer days to collect its accounts receivable. A shorter time to collect debtors has a positive impact on Cash Flow. A higher number indicates that it takes longer to collect its accounts receivable. For this period, accounts receivable days are below the maximum target of 40.00 days.

Accounts Receivable Days = Accounts Receivable * Period Length / Revenue

NA Activity Ratio -

A measure of the efficiency or effectiveness with which the business manages its resources or assets. This measure indicates the speed with which Net Operating Assets (Equity + Debt) are converted or turned into sales. This can be improved by optimising balance sheet efficiency, ie. by reducing the investment in working capital, selling-off any unused assets or by seeking ways to maximise the use of assets. For this period, the activity ratio is less than the target of 2.00 times.

Activity Ratio = Annualised Revenue / Total Invested Capital

✕ Asset Change 0.00%

A measure of the percentage change in Total Assets for the period. Total Assets on the balance sheet changed by 0.00%. For this period, change in total assets was less than the target of 0.25%.

Asset Change = (Total Assets - Opening Total Assets) / Opening Total Assets

✕ Asset Turnover 0.00 times

A measure of how effectively the business has used its assets to generate revenue. The business makes $0.00 of sales for every $100 of its asset investment. The higher the number the better the turnover. Ways to improve this metric include increasing sales using the same asset base, using capital more efficiently, and/or improve cash management by reducing inventory and receivables. For this period, the Asset Turnover is less than the target of 5.00 times.

Asset Turnover = Annualised Revenue / Total Assets

NA Cash Flow Margin -

A measure of the company's ability to turn sales into cash. For this period, the Cash Flow Margin was less than the target of 120.00%.

Cash Flow Margin = Operating Cash Flow / Revenue

KPIs Explained

✕ Cash on Hand $3

A measure of the cash and cash equivalents in actual possession by the company at a particular time. At the end of this period the company held $3 of cash and cash equivalents. Cash on Hand is below the required target of $10,000. Insufficient cash reserves may result in an inability to pay creditors and cover current liabilities.

Cash on Hand = Cash & Equivalents

✕ Current Ratio 0.43:1

A measure of liquidity. This measure compares the totals of the current assets and current liabilities. The higher the current ratio, the greater the 'cushion' between current obligations and the business's ability to pay them. Generally a current ratio of 2 or more is an indicator of good short-term financial strength. In other words, the current assets of the business should be at least double the current liabilities. For this period, the current ratio was 0.43:1, down from 0.43:1 last period and below the minimum target of 2.00:1.

Current Ratio = Total Current Assets / Total Current Liabilities

NA Debt Payback -

A measure of the number of years for the business to repay total debt from after tax earnings. The lower result indicates that the company is in a better position to rapidly repay its debt. For this period, sufficient earnings were generated to repay the debt within the target timeframe of 5.00 Yrs.

Debt Payback = Total Debt / Annualised Earnings After Tax

✓ Debt to Equity 0.00%

A measure of the proportion of funds that have either been invested by the owners (equity) or borrowed (debt) and used by the business to finance its assets. An appropriate mix of debt financing and equity financing will vary for each industry and business. Management are responsible to ensure that an appropriate balance between the two sources of financing is maintained. To improve this ratio, management can seek to internally generate profits and retain these profits to fund future growth, rather than borrowing additional funds. For each $100 of equity supplied by shareholders, the business is carrying $0.00 of debt. For this period, the debt to equity ratio is below the target of 100.00%.

Debt to Equity = Total Debt / Total Equity

✓ Debt to Total Assets 0.00%

A measure of the proportion of the business's assets that are financed through debt. The funds to pay for 0.00% of the business's assets have been supplied by creditors. For this period, the debt to total assets ratio is below the set target of 50.00%.

Debt to Total Assets = Total Debt / Total Assets

✓ EBIT Growth 100.00%

A measure of the percentage change in EBIT for the period. A combination of growth in revenues and growth in profits presents a balanced measure of growth For this period, EBIT growth of 100.00% exceeded the target growth of 0.17%.

EBIT Growth = (Earnings Before Interest & Tax - Prior Earnings Before Interest & Tax) / Prior Earnings Before Interest & Tax

KPIs Explained

✕ Equity Change 0.00%

A measure of the percentage change in Total Equity for the period. Total Equity changed by 0.00%. For this period, change in equity was less than the target of 0.25%.

Equity Change = (Total Equity - Opening Total Equity) / Opening Total Equity

NA Gross Margin Return on Inventory -

A measure of the average amount that the inventory returns above its cost. GMROI assists to monitor the investment in inventory and the resulting gross margin earned by this investment. A result higher than 100% indicates that the business is selling its products for more than what it costs to acquire. For this period, the GMROI is less than the target of 150.00%.

Gross Margin Return on Inventory = Annualised Gross Profit / (Inventory - Opening Inventory) / 2

✓ Gross Profit Growth 100.00%

A measure of the percentage change in gross profit for the period. For this period, gross profit growth of 100.00% exceeded the target of 0.17%.

Gross Profit Growth = (Gross Profit - Prior Gross Profit) / Prior Gross Profit

NA Gross Profit Margin -

A measure of the proportion of revenue that is left after deducting all costs directly related to the sales. For this period, the gross profit margin % is below the required target of 35.00%.

Gross Profit Margin = Gross Profit / Revenue

NA Interest Cover -

A measure of the ability to service its interest payments from the profits earned by the business. A result of more than 2 is generally considered to be safe, but businesses with volatile earnings may require a higher level of cover. A lower result indicates that the business is more burdened by debt expense. A lower result may also identify the potential risk that profits will be insufficient to cover interest payments. A high result may indicate that the business can easily meet its interest obligations. For this period, interest cover is less than the safety target of 2.00 times.

Interest Cover = Earnings Before Interest & Tax / (Interest Expenses - Interest Income)

NA Net Profit After Tax Margin -

A measure of the proportion of revenue that is left after all expenses have been paid. For this period, the Net Profit After Tax margin is below the required target. This may indicate cost blowouts that require efficiency improvements.

Net Profit After Tax Margin = Earnings After Tax / Revenue

NA Net Variable Cash Flow -

A measure of the additional cash that will either be generated or used up by the next $100 of products or services that the business sells. If the Net Variable Cash Flow is positive then for every additional $100 of revenue the business will generate cash. If the Net Variable Cash Flow is negative then for every additional $100 of revenue the business will require additional cash funding.

Net Variable Cash Flow = (Annualised Revenue - Annualised Variable COS - Annualised Variable Expenses - Operating Working Capital) / Annualised Revenue

KPIs Explained

NA Operating Profit Margin -

A measure of the proportion of revenue that is left after deducting all operating expenses. For this period, the operating profit margin is below the required target of 25.00%.

Operating Profit Margin = Operating Profit / Revenue

NA Profitability Ratio -

A measure of the proportion of revenue that is left after deducting all expenses. This excludes finance costs and tax expenses. For this period, the Profitability ratio is below the required target of 15.00%.

Profitability Ratio = Earnings Before Interest & Tax / Revenue

✕ Quick Ratio 0.43:1

The Quick Ratio measures the availability of assets which can quickly be converted into cash to cover current liabilities. Inventory and other less liquid current assets are excluded from this calculation. The Quick Ratio is a measure of the ability to pay short-term creditors immediately from liquid assets. A quick ratio of 1:1 or more is considered 'safe'. For this period, the quick ratio was 0.43:1, down from 0.43:1 last period and below the minimum target of 1.00:1.

Quick Ratio = (Cash & Equivalents + Accounts Receivable) / Total Current Liabilities

✕ Return on Assets 0.00%

A measure of how effectively the business has used its assets to generate profits. Return on Assets is a performance measure which is independent of the business's capital structure. The higher the ratio the greater the return on assets. For this period, the business has generated a Return on Assets of 0.00%. This return is less than the target of 20.00%.

Return on Assets = Annualised Earnings Before Interest & Tax / Total Assets

NA Return on Capital Employed -

A measure of the efficiency and profitability of capital investment (ie. funds provided by shareholders & lenders). ROCE monitors the relationship between the capital ('inputs') used by the business and the earnings ('outputs') generated by the business. ROCE is arguably one of the most important performance measures. The higher the result the greater the return to providers of capital.

Return on Capital Employed = Annualised Earnings Before Interest & Tax / Total Invested Capital

NA Return on Equity -

A measure of how effectively the business has used the resources provided by its owners to generate profits. The higher the ratio the greater the rate of return for shareholders.

Return on Equity = Annualised Net Income / Opening Total Equity

✕ Revenue Growth -100.00%

A measure of the percentage change in revenue for the period. Management should ensure that revenues increase at rates higher than general economic growth rates (ie. inflation). For this period, revenue growth of -100.00% was below the target growth of 0.41%.

Revenue Growth = (Revenue - Prior Revenue) / Prior Revenue

KPIs Explained

✕ Total Revenue $0

A measure of the total amount of money received by the company for goods sold or services provided. The business has earned total revenues of $0. Strategies to improve revenue may include increasing prices, increasing the volume of sales through marketing initiatives or finding alternative sources of income. For this period, the revenue earned is below the required target of $10,000.

NA Working Capital Absorption -

A measure of the adequacy of working capital to support sales activity. This measure indicates the investment made in working capital for each unit of revenue. The trend of this ratio is particularly useful for growing businesses. If sales increase rapidly but working capital levels remain constant, the business may be at risk that insufficient working capital is available to support this growth. Moreover, if the result for this metric is greater than the Gross Profit Margin %, then for every additional unit of Revenue generated, additional cash will be required. For this period, Working Capital Absorption is less than the target of 25.00%.

Working Capital Absorption = Operating Working Capital / Annualised Revenue