



COHEN INDEPENDENT RESEARCH GROUP

Wall Street's #1 Independent Research Firm

D. Paul Cohen, President
21 Manzanita Avenue #1000
San Rafael, CA 94901
www.cohenresearch.com

Telephone: 415.454.6985
Fax: 415.455.0295
E-mail: paul@cohenresearch.com
E-mail: dpaulco@aol.com

October 2, 2008



Symbol	ZQK
Current Recommendation	SELL
Current Price	\$5.20
Valuation Target Price Range	\$3.07-\$4.89
Year End	31-Oct
Dividend Yield	N.A.



52-Week High	\$15.13	Institutional Ownership (%)	85.5%
52-Week Low	\$5.17	Insider Ownership (%)	2.8%
High Price - 3 Months	\$9.84	Float (in million)	124.28
Low Price - 3 Months	\$5.17	% Float Outstanding	97.2%
Beta (60 month)	0.99	2008E Sales Growth %	8%
Price Change - 3 Months %	-44.7%	2008E EPS Growth %	-25.5%
Price Change vs. Market - 3 Months	63.1%	Debt/ Equity Ratio	1.51
Average Daily Volume ('000 shares)	2,027.13	Price/ Earnings est. 2008	7.8
Shares Outstanding (in million)	127.80	Price/ Sales est. 2008	0.3
Market Capitalization (in \$ million)	\$664.55	Price/ Oprtg. Cash Flow est. 2008	-98.0
Short Interest (% of float)	10.4%	Price/ Book Value est. 2008	0.9

INVESTMENT THESIS AND RECOMMENDATION

ZQK IS A MARKET SHORT, NOT A ZERO SHORT. SALES WOULD HAVE TO DECLINE 60% - 80% FOR THE COMPANY TO POTENTIALLY GO BANKRUPT, WHICH IS UNLIKELY. OUR PESSIMISTIC DCF CASE VALUES THE STOCK AT \$3.24.

Quiksilver, Inc. is a globally diversified Company that designs, produces and distributes branded apparel, winter sports equipment, footwear, accessories and related products. The Company offers a wide range of products under different brand names including Quiksilver, Roxy, DC etc. The recent sale of Rossignol division will help the Company to repay approximately \$150 million of its total debt of \$1.06 billion. However, this debt repayment will not dent the total burden. While management expects revenue and earnings growth in the low teens, we are pessimistic about the Company's intermediate-term outlook. The recent financial crisis, slowdown in consumer spending which will spread internationally, will significantly impact the Company's performance during the next 6-8 quarters. Further, the recent appreciation of dollar vis-à-vis other currencies is expected to negatively impact the Company's revenues for the coming quarter. Recent traction in the Women's line launched in June may not last post the US financial bailout problems. These negatives equate to our Sell, Sell Short recommendation.



Sales, Earnings, Margins Forecast (Base Case Scenario)

All figures in \$ million	FY-06	FY-07	FY-08 E	FY-09 E	FY-10 E	FY-11 E	FY-12 E
Revenue	2,200.2	2,047.1	2,216.0	2,260.3	2,305.5	2,351.6	2,398.7
Gross Profit Margin	45.7%	48.1%	49.0%	49.0%	49.0%	49.0%	49.0%
EBITDA	244.9	269.7	227.4	206.2	183.2	158.5	131.9
Operating Margin	11.1%	13.2%	10.3%	9.1%	7.9%	6.7%	5.5%
Net Profit Margin	4.3%	5.7%	3.9%	3.2%	2.5%	1.7%	0.9%
Free Cash Flow	(89.7)	(187.5)	303.8	139.5	122.4	103.9	83.8

Revenues - All Scenario

All figures in \$ million	FY-08 E	FY-09 E	FY-10 E	FY-11 E	FY-12 E
Optimistic Case	2,251.8	2,319.4	2,388.9	2,460.6	2,534.4
Base Case	2,216.0	2,260.3	2,305.5	2,351.6	2,398.7
Pessimistic Case	2,169.9	2,191.6	2,213.5	2,235.7	2,258.0

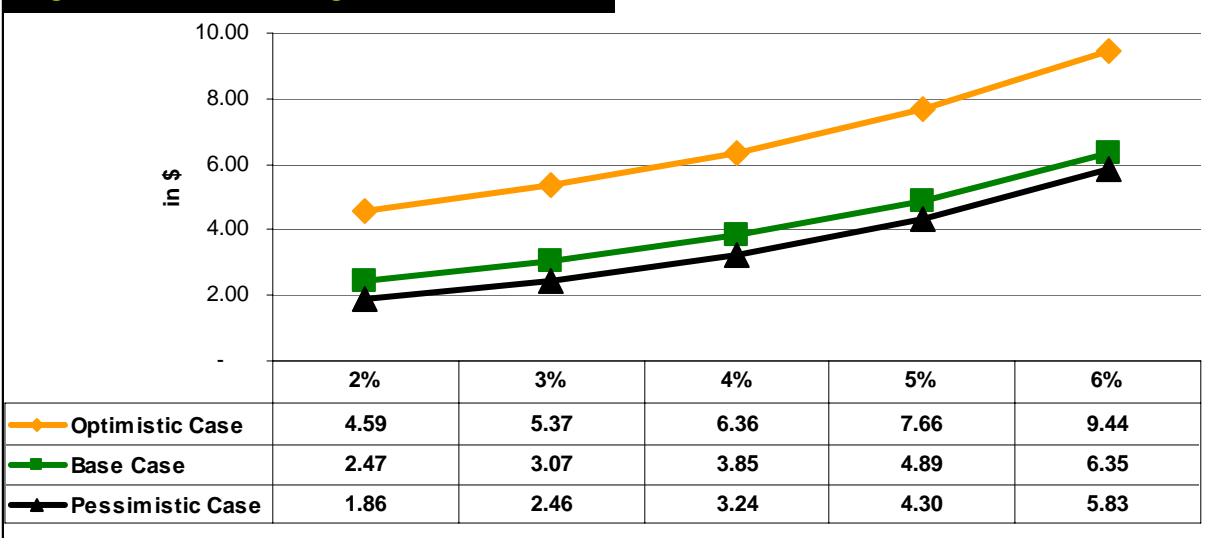
Earnings Per Share (Diluted) - All Scenario

All figures in \$	FY-08 E	FY-09 E	FY-10 E	FY-11 E	FY-12 E
Optimistic Case	(1.59)	0.70	0.63	0.56	0.48
Base Case	(1.67)	0.55	0.43	0.30	0.16
Pessimistic Case	(1.79)	0.39	0.21	0.07	0.04

Price Targets vis-à-vis Range of Cost of Equity

Cost of Equity	16%	17%	18%	19%	20%
Optimistic Case	8.31	7.28	6.36	5.62	4.96
Base Case	5.31	4.53	3.85	3.30	2.80
Pessimistic Case	4.61	3.88	3.24	2.73	2.26

Target Price vis-a-vis Range of LT Growth Rates





EXECUTIVE SUMMARY

- Quiksilver, Inc. (NYSE:ZQK) is one of the world's leading outdoor sports lifestyle Companies. It is engaged in designing, producing and distributing a diversified mix of branded apparel, footwear, sports accessories and related products. ZQK's products are sold in over 90 countries through a mix of distribution channels. The Company's brands represent a casual lifestyle for the young population.
- The Company is at the effect of three negatives: too much debt, declining US and European consumer spending with a weak retail forecast, and a stronger US dollar.
- Recently, Quiksilver announced the sale of Rossignol division for EUR 100mm (translating to approximately \$150mm) to Chartreuse & Mont Blanc. We expect all the proceeds will be used to pay down outstanding debt of \$1.06 billion. The Company paid too much for Rossignol, and sold it for too little which resulted in ZQK reporting a loss from discontinued operations amounting to \$304.7 million, thus continuing a huge debt burden.
- The sale of the Rossignol division and golf equipment last October is a positive move in our opinion. Sale of these non-core businesses should help Quiksilver to focus its efforts and resources on the development of its core apparel and footwear brands, Quiksilver, Roxy and DC. The problem is that the Company is directly positioned in Consumer Spending and Retail, a sector that should be hit hard in the US and in Europe.
- In anticipation of slowing retail demand, we do not expect the Company to achieve its revenue guidance target for FY-08 and FY-09. There has been a constant decline in consumer demand that is expected to lead to slowing retail demand. The recent turmoil in the financial market and strain on the overall macroeconomic scenario is likely to fuel the expected slowdown in the retail demand.
- Another potential risk in the coming year may be the continuing strength of dollar, especially against Euro. Post the US bailout, we will watch the dollar closely. However, a stronger dollar could lead to lower than expected revenue from Europe and Asia/Pacific and could squeeze gross margins as the cost of goods manufactured outside the America's would be expected to increase. While such a scenario would also reduce operating expenses in these countries, the impact on revenues and gross margins would be higher than the benefits of lower operating expenses.
- A positive is the Quiksilver Women line. Our recent channel checks revealed that the Quiksilver Women's line launched in June is being well received by consumers and retailers alike. This line, however, is directly in the middle of consumer spending and the retail sector; both of which we have serious concerns.
- Based on our Base Case forecasts and using the Discounted Cash Flow method of valuation our current target price target for ZQK ranges from \$3.07-\$4.89. This is approximately 25% lower than the current market price of \$5.20 at the mid-level of our price target. Hence, we recommend ZQK as an attractive SELL, SHORT SELL opportunity.



COHEN SHORT SALE TRIGGER POINT MATRIX

Short Sell Snapshot	2007	2008E	2009E	2009E	2009E	2009E	2009E
			0.0%	-20.0%	-40.0%	-60.0%	-80.0%
Revenues	2,047.1	2,216.0	2,260.3	1,772.8	1,329.6	886.4	443.2
EBITDA	269.7	227.4	206.2	161.7	121.3	80.8	40.4
Price	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Price/ EBITDA	2.5	3.0	3.3	4.2	5.6	8.4	16.7
Total Debt	1,131.3	1,025.4	989.7	918.6	854.0	789.3	724.7
Estimated Debt Repayment	-	(105.92)	(35.66)	(106.78)	(171.42)	(236.07)	(300.72)
Total Equity	969.0	751.2	823.4	802.8	784.2	765.5	746.8
Total Capital	2,100.3	1,776.6	1,813.1	1,721.4	1,638.1	1,554.8	1,471.5
Interest Expense	46.6	51.3	49.5	45.9	42.7	39.5	36.2
Debt to Capital	53.9%	57.7%	54.6%	53.4%	52.1%	50.8%	49.2%
EBITDA/ Interest Expense	5.8	4.4	4.2	3.5	2.8	2.0	1.1
EBIT/ Interest Expense	4.4	3.4	3.1	2.6	2.1	1.5	0.8
EBITDA Growth	10.1%	-15.7%	-9.3%	-28.9%	-46.7%	-64.4%	-82.2%
EBITDA Margin	13.2%	10.3%	9.1%	9.1%	9.1%	9.1%	9.1%
Free Cash Flow	(187.5)	303.8	139.5	257.2	364.3	471.3	578.4
FCF Multiple	(0.28)	0.45	0.21	0.38	0.54	0.70	0.86
Fixed Assets/ Sales	17.8%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
Dep&Amort/ Total Operating Expense	3.6%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%
ROIC	12.8%	12.8%	11.4%	9.4%	7.4%	5.2%	2.7%
Net Cash Flow from Operations (NCFO)							
Revenues	2,047.1	2,216.0	2,260.3	1,772.8	1,329.6	886.4	443.2
plus decrease (-increase) in AR	(38.8)	(15.2)	(15.5)	155.1	310.2	465.4	620.5
Gross Cash Collections from Operations	2,008.3	2,200.8	2,244.8	1,927.9	1,639.8	1,351.8	1,063.7
Operating Expenses							
Cost of Goods Sold	1,062.0	1,130.2	1,152.8	904.1	678.1	452.1	226.0
General an Administrative Expenses	715.4	858.5	901.4	707.0	530.2	353.5	176.7
R&D Expenses	-	-	-	-	-	-	-
Total Operating Expenses	1,777.4	1,988.6	2,054.2	1,611.1	1,208.3	805.6	402.8
Working Capital Changes							
Decrease (Increase) in Inventories	(21.4)	40.4	(8.1)	81.4	162.7	244.1	325.5
Decrease (Increase) in Short Term Investments	-	-	-	-	-	-	-
Decrease (Increase) in Other Current Assets	(2.4)	(2.4)	(14.5)	(3.9)	5.7	15.3	24.9
Increase (Decrease) in Accounts Payable	39.2	16.6	5.5	(55.2)	(110.4)	(165.6)	(220.8)
Increase (Decrease) in Notes Payable	-	-	-	-	-	-	-
Increase (Decrease) in STD	(17.3)	24.6	6.5	(64.6)	(129.3)	(193.9)	(258.6)
Increase (Decrease) in Accrued Expenses	(6.1)	39.0	11.7	(41.3)	(89.5)	(137.6)	(185.8)
Increase (Decrease) in Other Current Liab	(2.8)	-	-	-	-	-	-
Total Changes in Working Capital	(10.8)	118.3	1.0	(83.7)	(160.7)	(237.8)	(314.8)
Total Cash Outflows for Op (Op Exp+Chg W	1,766.6	2,107.0	2,055.2	1,527.4	1,047.6	567.8	87.9
Net Cash Flow from Operations (NCFO)	241.7	93.8	189.6	400.5	592.3	784.0	975.7
Cohen Free Cash Flow Metrics							
Cash Flow = ni+depr+amort	(54.2)	(165.4)	125.6	93.5	64.4	35.2	6.1
Net Cash Flow (CF-Div)	(54.2)	(165.4)	125.6	93.5	64.4	35.2	6.1
Exchange rate effects	4.9	(0.6)	-	-	-	-	-
Working Capital Change	118.6	(147.9)	95.8	306.7	498.4	690.2	881.9
Free Cash Flow	(187.5)	303.8	139.5	257.2	364.3	471.3	578.4
Cash Flow/Assets	(0.0)	(0.1)	0.1	0.0	0.0	0.0	0.0
Net Cash Flow/Assets	(0.0)	(0.1)	0.1	0.0	0.0	0.0	0.0
Free Cash Flow/Assets	(0.1)	0.1	0.1	0.1	0.2	0.3	0.5
Net Cash Flow Per Share	(0.4)	(1.3)	1.0	0.7	0.5	0.3	0.0
Free Cash Flow Per Share	(1.4)	2.3	1.1	2.0	2.8	3.6	4.4
NCFO Per Share	1.9	0.7	1.5	3.1	4.6	6.0	7.5
Diluted EPS, Before Extraordinary Items	0.9	0.7	0.6	0.4	0.3	0.1	(0.0)
Debt Ratios							
Total EBITDA	269.7	227.4	206.2	161.7	121.3	80.8	40.4
Interest Expense	46.6	51.3	49.5	45.9	42.7	39.5	36.2
Total LTD	1,131.3	1,025.4	989.7	918.6	854.0	789.3	724.7
LTD/ EBITDA	4.2	4.5	4.8	5.7	7.0	9.8	17.9
EBITDA/ Interest Expense	5.8	4.4	4.2	3.5	2.8	2.0	1.1



The Cohen Short Sale Trigger Point Matrix identifies trigger points for the portfolio manager decisions when a Company would/could default on its debt covenants and/or file for Chapter 11.

1. The first sub-matrix forecasts emphasize operating profits/ losses and free cash flow. It is very important to look at the Company's operational efficiency before analyzing its net results and other parameters.
2. The second sub-matrix targets the cash flows from operations using the Cohen Net Cash Flow from Operations (NCFO) top-down approach rather than the traditional bottom-up approach. (see Appendix describing Cohen NCFO).
3. The third sub-matrix shows a detailed break down of how the free cash flows (used in the first matrix) were calculated and provides certain important free cash flow related ratios. The matrix highlights the debt covenants that need to be maintained by the Company.

Note we project four scenarios: When the Company's revenues decline by 20% or 40% in 2009, there will be no pressed panic button. ZQK's Long Term Debt to EBITDA and EBITDA to Interest Expense ratio will be above permissible levels. For ZQK to default on its debt covenant, the Company's revenues would have to fall by close 60% to 80%, bringing down 2009 EBITDA in the range of \$80.4 million to \$40.4 million. This in our view is highly unlikely to happen. (Note the red above, LTD/EBITDA and EBITDA/Interest Expense.

Hence, we believe that ZQK is not a zero short since we do not expect the revenues to fall by 60-80% in 2009. The DCF value however suggests that ZQK share prices could fall down to \$3.24. As a result, we conclude that ZQK is a market short and not a bankruptcy (zero-value) short.



COMPANY AND INVESTMENT SUMMARY

Quiksilver, Inc (ZQK) engages in the design, production, and distribution of branded clothing winter sports equipment, footwear, accessories and related products. The Company manufactures apparel for boys, girls, men, and women, as well as equipment for winter, water and other sports. Its products are sold in over 90 countries through a mix of owned, licensed and other departmental and specialty stores.

Over the past 38 years, Quiksilver has been established as a leading global brand representing the casual, youth lifestyle associated with board riding sports. Over the last few quarters, the Company has divested its non-core business divisions to concentrate its efforts on its core Apparel and Footwear Brands Quiksilver, Roxy and DC. These include the recent sale of Rossignol division which it acquired in 2005 and the divestment of golf equipment business in October 2007.

The Company operates its business model through different brands focused on different sports within the outdoor market. ZQK sells its products through 90 countries under three operating segments, the Americas, Europe, and Asia/Pacific. Quiksilver uses a range of distribution channels, including surf shops, ski shops, skateboard shops, snowboard shops, its proprietary Boardriders Club shops, other specialty stores and select department stores. As of October 31, 2007, the Company's owned and licensed stores included 669 stores.

Operating Brands

Post the sale of THE Rossignol division, Quiksilver has three key operating brands. Quiksilver and Roxy are rooted in the sport of surfing and are brands representing the board riding lifestyle, which includes surfing, skateboarding and snowboarding. DC's technical shoes are made for skateboarding. The Company has developed a portfolio of other brands also inspired by surfing, skateboarding and snowboarding.

Quiksilver: The Company's Quiksilver brand line includes board-shorts, shirts, walk-shorts, t-shirts, fleece, pants, jackets, snowboardwear, footwear, hats, backpacks, wetsuits, watches, eyewear and other accessories. Quiksilver has also expanded its target market beyond young men to include boys, toddlers and infants. Quiksilver edition is its brand targeted at men.

Roxy: The Company's Roxy brand for young women is a surf-inspired collection and also includes girls, with the Teenie Wahine and Roxy Girl brands, and infants. Roxy includes a range of sportswear, swimwear, footwear, backpacks, snowboardwear, snowboards, snowboard boots, skis, ski boots, fragrance, beauty care, bedroom furnishings and other accessories for young women.

DC: The Company's DC brand includes skateboard shoes, snowboard boots, sandals and apparel for both young men and juniors. Other Apparel Brands

Raisins, Radio Fiji, Leilani: Raisins and Radio Fiji are swimwear labels for the juniors market, while Leilani is its contemporary swimwear label.

Hawk: The Company's Hawk brand targets boys and young men who identify with the skateboarding lifestyle. Geographical Segments



Operating Segments

The Company has three operating segments: the Americas, Europe, and Asia/Pacific. The Americas segment includes operations in the U.S. and Canada. The European segment includes operations in Western Europe. The Asia/Pacific segment includes operations in Australia, Japan, New Zealand and Indonesia.

Competition

The Company's primary competitors in its core channel of surf shops and Boardriders Clubs in the United States include Billabong International Pty, Ltd; Volcom, Inc. and O'Neill.

WHAT TAKES THE STOCK DOWN?

We believe the stock is at the effect of a four pronged whammy:

1. Too much debt strangles Company profitability, but does not bankrupt the business.
2. Disappointing sales, margins, cash flow, earnings – quarters disappoint the Street
3. Weak consumer spending/deteriorating retail sector
4. Strong dollar hurts operating results

OUR RECOMMENDATION

SELL, SELL SHORT rating. While the stock has dropped from highs of \$10.00 in July to recent closing price of \$5.20, selling short at its lows is appropriate in this case. The expected slow growth in sales due to weakening consumer demand, high debt levels and an appreciating dollar are our major causes for our concerns. We expect the Company to report full year 2008 revenues of \$2.2 billion and EPS - Diluted of (\$1.67). At our price target of \$3.85 per share, ZQK shares are valued at 6.85x 2009 EPS estimates respectively.

Bull Case

- ZQK completed the sale of the Rossignol division for EUR 100mm, translating to approximately \$150mm. We expect the Company to use all the proceeds to repay part of its high interest-bearing long-term debt, specifically the portion raised from banks in Europe. This will help Quiksilver to concentrate its efforts on its core apparel and footwear business. While helpful to the Company, ZQK paid too much for Rossignol and sold it for too little.
- The Quiksilver Women's line, launched in June this year, is being well received by consumers and retailers. We question its continued acceptance.

BEAR CASE

- Decline in consumer spending and a weak retail sector in US and internationally is due to macroeconomic factors. Retail demand will decline.
- The Company's top-line, margins, bottom line, interest expense and debt reduction will continue to deteriorate.



- Consumers are moving to rental vs. purchase. ZQK lost a significant rental business upon the sale of Rossignol.
- Quiksilver earns over 51% of its revenues from its operations across Europe and Asia Pacific. The strengthening of dollar during the past few months is likely to have a negative impact on its earnings especially during the next quarter.
- Although the sale of the Rossignol division is likely to result in stronger operating margins in 2009 compared to 2008, we expect this to be offset by additional interest expense. We forecast ZQK's interest expense per dollar of sale to increase, resulting in additional interest expense of approximately \$13 million.
- In the short-to-medium term we do not expect the Company to pay off its high cost debt other than through using the sale of Rossignol to reduce total debt. The high percentage of debt remains a significant concern. Beyond 2009, the Company's ability to turn around its operations will depend on its ability to generate significant free cash flows to reduce debt payments. We are skeptical that this debt reduction will dent total burden.

FINANCIAL PERFORMANCE

Recent Quarter Financial Analysis

Quiksilver's recent financial results have not been encouraging. Though recent reported revenues were higher than consensus estimates, this was mainly due to significant foreign exchange. Results for all periods exclude the Rossignol equipment business, the Rossignol apparel businesses and the golf equipment business that are now reported as discontinued operations. The Company's profitability has remained more or less constant throughout the last few quarters.

Income Statement Analysis

Revenues: Net revenue for the third quarter ended July 31, 2008 increased 7% to \$564.9 million from \$528.6 million in the third quarter of fiscal 2007. The key driver for the growth was \$36.5 million foreign exchange gain, without which revenues remained constant quarter over quarter period. Revenues from Americas and Asia decreased 4% and 0.5% respectively while revenues from Europe increased 25%.

Margins: Gross margin for the quarter was \$284.8 million, or 50.4% of sales compared to \$276.5 million, or 47.7% of sales last year. America's gross margin was 41.4% down from 41.8% last year; Europe gross margin was 59.7% up from 55.9% last year; and Asia gross margin was 55.5% up from 48.9% last year.

SG&A for the third quarter was \$232.1 million, or 41.1% of sales compared to \$194.3 million, or 36.8% of sales in the prior year. Americas SG&A margin was 32.9% up from 27.8% last year; Europe SG&A margin was 42.0% up from 41.2% last year; and Asia SG&A margin was 47.9% up from 40.6% last year.

Earnings: Income from continuing operations for the third quarter decreased 7.3% to \$33.1 million, or \$0.25 per share compared to income of \$35.7 million, or \$0.28 per diluted share in the prior year. These



earnings included \$0.03 per share in an unexpected tax benefit. Including discontinued operations, net income was \$2.9 million, or \$0.02 per share.

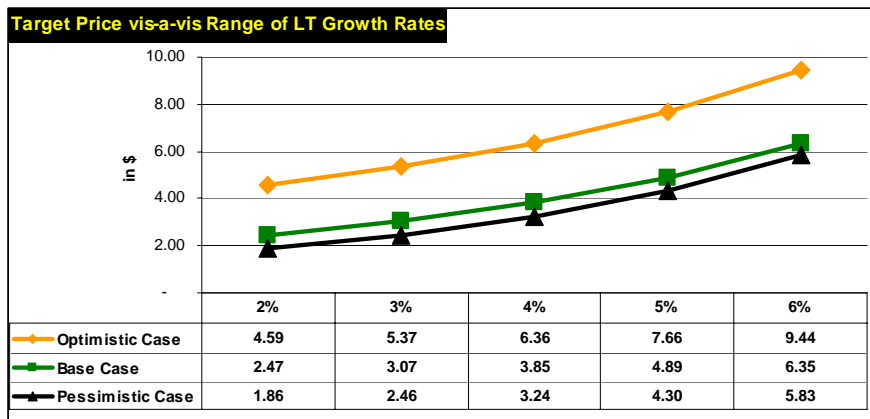
Balance Sheet Analysis

Balance Sheet: The Company's inventory increased 14% to \$358.6 million from \$315.1 million a year ago, however on a constant dollar basis inventory grew approximately 6%. Days Sales Outstanding increased to 73 days from 72 days in the year ago period and accounts receivable were up 10% to \$491.4 million from \$445.5 million a year ago. Long-term debt was approximately \$1.06 billion up about 51% from \$696 million last year, which is a major cause of concern.

VALUATION

all figures in \$ million	2006	2007	2008E	2009E	2010E	2011E	2012E
NOPLAT	192.6	(18.3)	(129.5)	160.3	144.5	127.6	109.2
Change in Working Capital	(148.6)	(53.9)	122.6	(16.9)	(18.0)	(19.3)	(20.8)
Capital Expenditure (including Acquisition)	(133.7)	(115.3)	310.7	(3.9)	(4.2)	(4.4)	(4.7)
Free Cash Flow to Firm	(89.66)	(187.47)	303.85	139.48	122.39	103.87	83.83
WACC			10%	10%	10%	11%	11%
Present Value of Free Cash Flow to Firm			296.9	123.7	97.8	74.6	53.9
Terminal Growth Rate	4%						
Terminal Free Cash Flow to Firm	1,208.3				Terminal Growth		4%
Present Value of Terminal Cash Flow	777.3				Cost of Equity		18%
Value of Operations, Enterprise Value	1,424.2						
Less: Net Debt	940.1						
Equity Value	484.1						
Shares Outstanding	125.8						
Target Price	\$ 3.85						

		Cost of Equity					
		\$ 3.85	16%	17%	18%	19%	20%
Terminal Growth	2%	3.39	2.91	2.47	2.10	1.76	
	3%	4.21	\$ 3.61	\$ 3.07	\$ 2.63	2.22	
	4%	5.31	\$ 4.53	\$ 3.85	\$ 3.30	2.80	
	5%	6.85	\$ 5.80	\$ 4.89	\$ 4.18	3.55	
	6%	9.20	7.64	6.35	5.39	4.55	



Our Base Case forecast target price of \$3.85 assumes a long term growth rate of 4%. We calculated our two stage DCF valuation methodology. First stage: we discounted forecasted cash flow to the present date for the next forecasted five years (until 2012) based on our forecasted revenue growth and margin improvement. Second stage: beyond 2012, we assumed a 4% growth rate to derive the long-term fair value for the stock. We used the following assumptions to derive our 12-month fair value of the stock. We discounted our projected future cash flows using a WACC range of 10%-12%. For the WACC Calculation the cost of equity was derived using a risk-free rate of 5%, equity risk premium of 8% and a Beta of 1.63.



CONCLUSION

Quiksilver has a huge mountain of debt to overcome before it can become an interesting investment opportunity. Debt strangles the company, but it will not bankrupt the business. Further, we expect interest rates to rise in medium term leading to higher debt costs. The decline in consumer demand and the retail sector and change in consumer preference towards renting is likely to negatively impact sales of apparel and equipment brands. Also, the overall macroeconomic factors internationally are not conducive for investment in consumer goods. Last, the strengthening of dollar is expected to result in decline in earnings and higher cost for goods sourced from outside the Americas will impact revenues and profitability negatively.

We forecast growth in the coming quarters to be marginal and profitability to be under strain leading to increased portion of financial expense. The Company has received an exciting response to its new Women label launched. However, this will not have a significant impact on the top and bottom line in the immediate term. Although the Company's stock price has declined considerably in the recent past, we believe there is still some downside risk associated with ZQK. Based on these factors believe ZQK is a SELL, SELL SHORT rating.

Cohen Independent Research Group



APPENDIX

Exhibit 1: Forecasted Income Statement – Base Case

all figures in \$ million	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,216.0	2,260.3	2,305.5	2,351.6	2,398.7
Cost of Goods Sold	541.7	688.8	946.0	1,193.9	1,062.0	1,130.2	1,152.8	1,175.8	1,199.3	1,223.3
Gross Profit	433.2	578.1	788.5	1,006.3	985.1	1,085.8	1,107.6	1,129.7	1,152.3	1,175.3
Selling and Admin Expenses	311.0	419.4	565.6	761.4	715.4	858.5	901.4	946.5	993.8	1,043.5
Operating Profit/ EBITDA	122.2	158.7	222.9	244.9	269.7	227.4	206.2	183.2	158.5	131.9
Depreciation and Amortization	21.2	26.8	41.9	65.6	66.9	52.4	53.5	54.5	55.6	56.7
EBIT	101.0	131.9	181.0	179.3	202.8	175.0	152.7	128.7	102.9	75.1
Interest Expense, Net	8.3	6.4	20.8	47.4	46.6	51.3	49.5	47.8	46.3	44.9
Foreign Currency (gain) loss	2.2	2.9	(0.2)	-	4.9	(0.6)	-	-	-	-
Other Income Expense	0.5	0.7	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1
EBT	90.0	121.9	160.0	131.6	151.2	124.1	103.1	80.8	56.5	30.1
Provision for Taxation	31.6	40.6	51.8	37.4	34.5	37.2	30.9	24.2	16.9	9.0
Net Profit from Continued Operations	58.4	81.3	108.2	94.2	116.7	86.9	72.2	56.5	39.5	21.1
Net Profit from Discontinued Operations				(1.1)	(237.8)	(304.7)	-	-	-	-
Net Profit	58.4	81.3	108.2	93.1	(121.1)	(217.8)	72.2	56.5	39.5	21.1
EPS Continued Operations - Diluted	0.52	0.68	0.87	0.74	0.90	0.67	0.55	0.43	0.30	0.16
EPS Total - Diluted	0.52	0.68	0.87	0.73	(0.93)	(1.67)	0.55	0.43	0.30	0.16

Exhibit 2: Forecasted Balance Sheet – Base Case

all figures in \$ million	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
ASSETS										
Cash	27.9	55.2	75.6	36.8	74.3	85.3	94.3	88.7	67.0	27.3
Inventory	146.4	179.6	386.4	425.9	447.3	406.9	415.0	423.3	431.8	440.4
Account Receivables	224.4	281.3	599.5	721.6	760.4	775.6	791.1	806.9	823.1	839.5
Other Receivables	7.6	16.2	27.4	35.3	35.4	22.2	22.6	23.1	23.5	24.0
Deferred Income Taxes	-	34.6	41.6	84.7	94.9	106.3	119.1	133.5	149.6	167.6
Prepaid Expenses and Advances	27.2	-	21.8	28.9	21.0	25.2	26.5	27.8	29.2	30.6
as a % of SG&A	9%	0%	4%	4%	3%	3%	3%	3%	3%	3%
Total Current Assets	433.5	566.9	1,152.3	1,333.2	1,433.3	1,421.4	1,468.6	1,503.3	1,524.1	1,529.4
Property, Plant and Equipment, Net	99.3	122.8	242.0	282.3	364.8	285.8	291.5	297.3	303.3	309.3
Intangibles	65.6	121.1	247.7	248.2	252.3	144.8	144.8	144.8	144.8	144.8
Goodwill	98.8	169.8	449.4	515.7	545.2	416.3	416.3	416.3	416.3	416.3
Deferred Income Taxes	-	10.5	-	-	3.0	14.7	14.7	14.7	14.7	14.7
Others	10.7	-	67.2	67.8	67.4	44.3	45.2	46.1	47.0	48.0
Total Assets	707.9	991.1	2,158.6	2,447.2	2,666.0	2,327.3	2,381.1	2,422.5	2,450.2	2,462.5
LIABILITIES										
Short Term Loans	21.0	10.8	220.1	315.9	298.6	323.2	329.7	336.3	343.0	349.9
Current Portion of LTD	8.9	10.3	50.8	24.6	20.3	39.7	37.4	35.1	33.0	31.0
Accounts Payable	64.5	105.1	212.4	220.2	259.4	276.0	281.6	287.2	292.9	298.8
Accrued Expenses	41.8	79.1	183.0	201.1	195.0	234.0	245.7	258.0	270.9	284.4
Others	10.8	18.4	27.2	2.8	-	-	-	-	-	-
Total Current Liabilities	147.0	223.7	693.5	764.6	773.3	873.0	894.3	916.6	939.9	964.1
Long-Term Debt	114.5	163.2	640.3	689.7	812.4	662.4	622.7	585.3	550.2	517.2
Deferred Tax Liabilities and Others	-	15.8	81.6	100.6	101.4	40.7	40.7	40.7	40.7	40.7
Total Liabilities	261.5	402.7	1,415.4	1,554.9	1,687.1	1,576.1	1,557.7	1,542.6	1,530.7	1,522.0
Minority Interest	-	-	10.2	11.2	10.0	-	-	-	-	-
Shareholders Equity	446.5	588.2	732.9	881.1	969.0	751.2	823.4	879.9	919.4	940.5
Total Liabilities, Shareholders Equity, MI	708.0	990.9	2,158.5	2,447.2	2,666.1	2,327.3	2,381.1	2,422.5	2,450.2	2,462.5



Exhibit 3: Cohen Growth Drivers – Base Case

Annual Revenues, Margins, Assets, Turns	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,216.0	2,260.3	2,305.5	2,351.6	2,398.7
Gross Margin	44%	46%	45%	46%	48%	49%	49%	49%	49%	49%
Operating Margin	13%	13%	13%	11%	13%	10%	9%	8%	7%	5%
Net Margin - Income Avail. To Shreholders	6%	6%	6%	4%	-6%	-10%	3%	2%	2%	1%
EPS - Diluted	0.52	0.68	0.87	0.73	(0.93)	(1.67)	0.55	0.43	0.30	0.16
EBITDA	122.2	158.7	222.9	244.9	269.7	227.4	206.2	183.2	158.5	131.9
Free Cash Flow	(187.0)	(65.1)	(470.8)	(89.7)	(187.5)	303.8	139.5	122.4	103.9	83.8
Cash	27.9	55.2	75.6	36.8	74.3	85.3	94.3	88.7	67.0	27.3
Working Capital	258.6	288.0	383.2	531.8	585.7	463.1	480.0	497.9	517.2	538.0
Long Term Debt	114.5	163.2	640.3	689.7	812.4	662.4	622.7	585.3	550.2	517.2
Total Debt	144.4	184.3	911.2	1,030.2	1,131.3	1,025.4	989.7	956.7	926.2	898.1
Total Assets	707.9	991.1	2,158.6	2,447.2	2,666.0	2,327.3	2,381.1	2,422.5	2,450.2	2,462.5
DSO	84.0	81.0	126.2	119.7	135.6	127.8	127.8	127.8	127.8	127.8
Inventory Turns	98.6	95.2	149.1	130.2	153.7	131.4	131.4	131.4	131.4	131.4
Fixed Asset Turns	37.2	35.4	50.9	46.8	65.0	47.1	47.1	47.1	47.1	47.1
Cash Cycle	3.5	2.7	2.8	3.3	2.9	2.8	2.8	2.8	2.8	2.8

Percentage Change in Annual Revenues, Margins, Ass	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	30.0%	36.9%	26.8%	-7.0%	8.3%	2.0%	2.0%	2.0%	2.0%
Gross Margin	2.7%	-0.4%	0.6%	5.2%	1.8%	0.0%	0.0%	0.0%	0.0%
Operating Margin	-0.1%	2.6%	-13.4%	18.4%	-22.1%	-11.1%	-12.9%	-15.2%	-18.4%
Net Margin	7.1%	-2.8%	-32.2%	-239.8%	66.1%	-132.5%	-23.2%	-31.5%	-47.7%
EPS - Diluted	30.8%	27.9%	-15.9%	-227.7%	79.3%	-133.1%	-22.5%	-30.8%	-47.2%
EBITDA	29.9%	40.5%	9.9%	10.1%	-15.7%	-9.3%	-11.1%	-13.5%	-16.8%
Free Cash Flow	-65.2%	622.9%	-81.0%	109.1%	-262.1%	-54.1%	-12.3%	-15.1%	-19.3%
Cash	97.8%	37.0%	-51.3%	101.9%	14.8%	10.5%	-5.9%	-24.5%	-59.2%
Working Capital	11.4%	33.1%	38.8%	10.1%	-20.9%	3.6%	3.7%	3.9%	4.0%
Long Term Debt	42.5%	292.3%	7.7%	17.8%	-18.5%	-6.0%	-6.0%	-6.0%	-6.0%
Total Debt	27.6%	394.4%	13.1%	9.8%	-9.4%	-3.5%	-3.3%	-3.2%	-3.0%
Total Assets	40.0%	117.8%	13.4%	8.9%	-12.7%	2.3%	1.7%	1.1%	0.5%
DSO	-3.5%	55.7%	-5.1%	13.3%	-5.8%	0.0%	0.0%	0.0%	0.0%
Inventory Turns	-3.5%	56.7%	-12.7%	18.1%	-14.5%	0.0%	0.0%	0.0%	0.0%
Fixed Asset Turns	-4.8%	43.9%	-8.0%	38.9%	-27.6%	0.0%	0.0%	0.0%	0.0%
Cash Cycle	-23.1%	5.5%	16.1%	-10.5%	-4.2%	0.0%	0.0%	0.0%	0.0%



Exhibit 4: Cohen Extended Growth Drivers – Base Case

	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Growth Drivers										
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,216.0	2,260.3	2,305.5	2,351.6	2,398.7
Cost of Revenues	541.7	688.8	946.0	1,193.9	1,062.0	1,130.2	1,152.8	1,175.8	1,199.3	1,223.3
Gross Profit	433.2	578.1	788.5	1,006.3	985.1	1,085.8	1,107.6	1,129.7	1,152.3	1,175.3
Operating Income	122.2	158.7	222.9	244.9	269.7	227.4	206.2	183.2	158.5	131.9
Net Income	58.4	81.3	108.2	93.1	(121.1)	(217.8)	72.2	56.5	39.5	21.1
Spread on IC										
Return on Invested Capital	20.7%	20.5%	13.6%	12.8%	12.8%	12.8%	11.4%	10.0%	8.6%	7.2%
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	10.1%	10.5%	10.7%	10.9%
Spread	11.0%	10.9%	3.9%	3.2%	3.2%	3.1%	1.3%	-0.5%	-2.2%	-3.8%
Profitability										
Return on Equity	13.1%	13.8%	14.8%	10.6%	-12.5%	-29.0%	8.8%	6.4%	4.3%	2.2%
Return on Assets	17.3%	16.0%	10.3%	10.0%	10.1%	9.8%	8.7%	7.6%	6.5%	5.4%
Asset Turnover	9.8	10.3	7.2	7.8	5.6	7.8	7.8	7.8	7.8	7.8
Profit Margin	6%	6%	6%	4%	-6%	-10%	3%	2%	2%	1%
Return on Invested Capital	20.7%	20.5%	13.6%	12.8%	12.8%	12.8%	11.4%	10.0%	8.6%	7.2%
Capital Efficiency										
PPE / Revenue	10.2%	9.7%	14.0%	12.8%	17.8%	12.9%	12.9%	12.9%	12.9%	12.9%
Intangible Assets/Revenue	6.7%	9.6%	14.3%	11.3%	12.3%	6.5%	6.4%	6.3%	6.2%	6.0%
WC / Revenue	26.5%	22.7%	22.1%	24.2%	28.6%	20.9%	21.2%	21.6%	22.0%	22.4%
Operating Ratios										
Gross Profit Margin	44.4%	45.6%	45.5%	45.7%	48.1%	49.0%	49.0%	49.0%	49.0%	49.0%
EBITDA Margin	12.5%	12.5%	12.9%	11.1%	13.2%	10.3%	9.1%	7.9%	6.7%	5.5%
EBIT Margin	10.4%	10.4%	10.4%	8.1%	9.9%	7.9%	6.8%	5.6%	4.4%	3.1%
Cost of Services/Revenues	55.6%	54.4%	54.5%	54.3%	51.9%	51.0%	51.0%	51.0%	51.0%	51.0%
SG&A Expenses/Revenues	31.9%	33.1%	32.6%	34.6%	34.9%	38.7%	39.9%	41.1%	42.3%	43.5%
Liquidity										
Working Capital	258.6	288.0	383.2	531.8	585.7	463.1	480.0	497.9	517.2	538.0
Current Ratio	2.9	2.5	1.7	1.7	1.9	1.6	1.6	1.6	1.6	1.6
Quick Ratio	2.0	1.7	1.1	1.2	1.3	1.2	1.2	1.2	1.2	1.1
Debt										
Total Debt	144.4	184.3	911.2	1,030.2	1,131.3	1,025.4	989.7	956.7	926.2	898.1
Debt Ratio	0.2	0.2	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5
Debt to Equity	0.3	0.3	1.2	1.2	1.2	1.4	1.2	1.1	1.0	1.0

Exhibit 5: Cohen Liquidity Matrix – Base Case

	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Liquidity Matrix										
Current Ratio	2.9	2.5	1.7	1.7	1.9	1.6	1.6	1.6	1.6	1.6
Quick Ratio	2.0	1.7	1.1	1.2	1.3	1.2	1.2	1.2	1.2	1.1
Cash Ratio	0.2	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Working Capital Matrix										
Working Capital	258.6	288.0	383.2	531.8	585.7	463.1	480.0	497.9	517.2	538.0
Cash Flow from Operations to Current Liabilities	0.6	0.3	(0.4)	0.2	0.3	0.1	0.2	0.2	0.2	0.1
Working Capital Provided by Net Income	79.6	108.1	150.1	158.7	(54.2)	(165.4)	125.6	111.1	95.1	77.8
Leverage Ratios										
Gearing Ratio	0.3	0.3	0.9	0.8	0.8	0.9	0.8	0.7	0.6	0.5
Financial Leverage Ratio	0.3	0.3	1.2	1.2	1.2	1.4	1.2	1.1	1.0	1.0
Debt to Assets	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Interest Coverage Ratio	12.2	20.6	8.7	3.8	4.4	3.4	3.1	2.7	2.2	1.7
Equity Multiplier	1.6	1.7	2.9	2.8	2.8	3.1	2.9	2.8	2.7	2.6
Capital Structure Ratio	0.2	0.2	0.5	0.4	0.5	0.5	0.4	0.4	0.4	0.4



Exhibit 6: Cohen Net Cash Flow from Operations Analysis – Base Case

Cohen Net Cash Flow from Operations	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,216.0	2,260.3	2,305.5	2,351.6	2,398.7
plus decrease (-increase) in AR	(44.9)	(56.9)	(318.2)	(122.1)	(38.8)	(15.2)	(15.5)	(15.8)	(16.1)	(16.5)
Gross Cash Collections from Operations	930.0	1,210.0	1,416.3	2,078.1	2,008.3	2,200.8	2,244.8	2,289.7	2,335.5	2,382.2
Operating Expenses										
Cost of Goods Sold	541.7	688.8	946.0	1,193.9	1,062.0	1,130.2	1,152.8	1,175.8	1,199.3	1,223.3
General an Administrative Expenses	311.0	419.4	565.6	761.4	715.4	858.5	901.4	946.5	993.8	1,043.5
R&D Expenses	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	852.7	1,108.2	1,511.6	1,955.3	1,777.4	1,988.6	2,054.2	2,122.3	2,193.1	2,266.8
Working Capital Changes										
Decrease (Increase) in Inventories	(29.3)	(33.2)	(206.8)	(39.5)	(21.4)	40.4	(8.1)	(8.3)	(8.5)	(8.6)
Decrease (Increase) in Short Term Investmer	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in Other Current Assets	(7.0)	(16.0)	(40.0)	(58.1)	(2.4)	(2.4)	(14.5)	(16.1)	(17.9)	(19.9)
Increase (Decrease) in Accounts Payable	12.9	40.6	107.3	7.8	39.2	16.6	5.5	5.6	5.7	5.9
Increase (Decrease) in Notes Payable	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in STD	4.2	(10.2)	209.3	95.8	(17.3)	24.6	6.5	6.6	6.7	6.9
Increase (Decrease) in Accrued Expenses	8.4	37.3	103.9	18.1	(6.1)	39.0	11.7	12.3	12.9	13.5
Increase (Decrease) in Other Current Liab	2.2	7.6	8.8	(24.4)	(2.8)	-	-	-	-	-
Total Changes in Working Capital	(8.6)	26.1	182.5	(0.3)	(10.8)	118.3	1.0	0.1	(1.0)	(2.3)
Total Cash Outflows for Op (Op Exp+Chg W	844.1	1,134.3	1,694.1	1,955.0	1,766.6	2,107.0	2,055.2	2,122.4	2,192.1	2,264.5
Net Cash Flow from Operations (NCFO)	85.9	75.7	(277.8)	123.1	241.7	93.8	189.6	167.3	143.4	117.7

Cohen NCFO Analysis	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
NCFO / Diluted Share	0.77	0.63	(2.23)	0.97	1.86	0.72	1.46	1.27	1.08	0.88
Diluted EPS	0.52	0.68	0.87	0.73	(0.93)	(1.67)	0.55	0.43	0.30	0.16

Cohen NCFO Coverage Ratios	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Interest Coverage (NCFO/Int Exp)	10.4	11.8	(13.4)	2.6	5.2	1.8	3.8	3.5	3.1	2.6

Cohen Free Cash Flows	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Cash Flow = ni+depr+amort	79.6	108.1	150.1	158.7	(54.2)	(165.4)	125.6	111.1	95.1	77.8
Net Cash Flow (CF-Div)	79.6	108.1	150.1	158.7	(54.2)	(165.4)	125.6	111.1	95.1	77.8
Exchange rate effects	2.2	2.9	(0.2)	-	4.9	(0.6)	-	-	-	-
Working Capital Change	(21.49)	(10.2)	(353.5)	400.9	118.6	(147.9)	95.8	(22.3)	(23.9)	(25.7)
Free Cash Flow	(187.0)	(65.1)	(470.8)	(89.7)	(187.5)	303.8	139.5	122.4	103.9	83.8
Cash Flow/Assets	0.1	0.1	0.1	0.1	(0.0)	(0.1)	0.1	0.0	0.0	0.0
Net Cash Flow/Assets	0.1	0.1	0.1	0.1	(0.0)	(0.1)	0.1	0.0	0.0	0.0
Free Cash Flow/Assets	(0.3)	(0.1)	(0.2)	(0.0)	(0.1)	0.1	0.1	0.1	0.0	0.0
Net Cash Flow Per Share	0.7	0.9	1.2	1.2	(0.4)	(1.3)	1.0	0.8	0.7	0.6
Free Cash Flow Per Share	(1.7)	(0.5)	(3.8)	(0.7)	(1.4)	2.3	1.1	0.9	0.8	0.6
NCFO Per Share	0.8	0.6	(2.2)	1.0	1.9	0.7	1.5	1.3	1.1	0.9
Diluted EPS, Before Extraordinary Items	0.5	0.7	0.9	0.7	0.9	0.7	0.6	0.4	0.3	0.2



Exhibit 7: Forecasted Income Statement – Optimistic Case

all figures in \$ million	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,251.8	2,319.4	2,388.9	2,460.6	2,534.4
Cost of Goods Sold	541.7	688.8	946.0	1,193.9	1,062.0	1,148.4	1,182.9	1,218.4	1,254.9	1,292.6
Gross Profit	433.2	578.1	788.5	1,006.3	985.1	1,103.4	1,136.5	1,170.6	1,205.7	1,241.9
Selling and Admin Expenses	311.0	419.4	565.6	761.4	715.4	858.5	901.4	946.5	993.8	1,043.5
Operating Profit/ EBITDA	122.2	158.7	222.9	244.9	269.7	244.9	235.1	224.1	211.9	198.4
Depreciation and Amortization	21.2	26.8	41.9	65.6	66.9	53.3	54.9	56.5	58.2	59.9
EBIT	101.0	131.9	181.0	179.3	202.8	191.7	180.2	167.6	153.7	138.4
Interest Expense, Net	8.3	6.4	20.8	47.4	46.6	51.5	49.9	48.4	47.1	45.9
Foreign Currency (gain) loss	2.2	2.9	(0.2)	-	4.9	(0.6)	-	-	-	-
Other Income Expense	0.5	0.7	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1
EBT	90.0	121.9	160.0	131.6	151.2	140.6	130.2	119.0	106.5	92.4
Provision for Taxation	31.6	40.6	51.8	37.4	34.5	42.2	39.1	35.7	31.9	27.7
Net Profit from Continued Operations	58.4	81.3	108.2	94.2	116.7	98.4	91.1	83.3	74.5	64.7
Net Profit from Discontinued Operations				(1.1)	(237.8)	(304.7)	-	-	-	-
Net Profit	58.4	81.3	108.2	93.1	(121.1)	(206.3)	91.1	83.3	74.5	64.7
EPS Continued Operations - Diluted	0.52	0.68	0.87	0.74	0.90	0.76	0.70	0.63	0.56	0.48
EPS - Diluted	0.52	0.68	0.87	0.73	(0.93)	(1.59)	0.70	0.63	0.56	0.48

Exhibit 8: Forecasted Balance Sheet – Optimistic Case

all figures in \$ million	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
ASSETS										
Cash	27.9	55.2	75.6	36.8	74.3	81.7	99.8	110.8	113.3	105.9
Inventory	146.4	179.6	386.4	425.9	447.3	413.4	425.8	438.6	451.8	465.3
Account Receivables	224.4	281.3	599.5	721.6	760.4	788.1	811.8	836.1	861.2	887.1
Other Receivables	7.6	16.2	27.4	35.3	35.4	22.5	23.2	23.9	24.6	25.3
Deferred Income Taxes	-	34.6	41.6	84.7	94.9	106.3	119.1	133.5	149.6	167.6
Prepaid Expenses and Advances	27.2	-	21.8	28.9	21.0	25.2	26.5	27.8	29.2	30.6
Total Current Assets	433.5	566.9	1,152.3	1,333.2	1,433.3	1,437.3	1,506.2	1,570.7	1,629.6	1,681.8
Property, Plant and Equipment, Net	99.3	122.8	242.0	282.3	364.8	290.4	299.1	308.1	317.3	326.8
Intangibles	65.6	121.1	247.7	248.2	252.3	144.8	144.8	144.8	144.8	144.8
Goodwill	98.8	169.8	449.4	515.7	545.2	416.3	416.3	416.3	416.3	416.3
Deferred Income Taxes	-	10.5	-	-	3.0	14.7	14.7	14.7	14.7	14.7
Others	10.7	-	67.2	67.8	67.4	45.0	46.4	47.8	49.2	50.7
Total Assets	707.9	991.1	2,158.6	2,447.2	2,666.0	2,348.5	2,427.5	2,502.4	2,571.9	2,635.2
LIABILITIES										
Short Term Loans	21.0	10.8	220.1	315.9	298.6	328.5	338.3	348.5	358.9	369.7
Current Portion of LTD	8.9	10.3	50.8	24.6	20.3	39.7	37.4	35.1	33.0	31.0
Accounts Payable	64.5	105.1	212.4	220.2	259.4	280.5	288.9	297.6	306.5	315.7
Accrued Expenses	41.8	79.1	183.0	201.1	195.0	234.0	245.7	258.0	270.9	284.4
Others	10.8	18.4	27.2	2.8	-	-	-	-	-	-
Total Current Liabilities	147.0	223.7	693.5	764.6	773.3	882.7	910.3	939.2	969.3	1,000.9
Long-Term Debt	114.5	163.2	640.3	689.7	812.4	662.4	622.7	585.3	550.2	517.2
Deferred Tax Liabilities and Others	-	15.8	81.6	100.6	101.4	40.7	40.7	40.7	40.7	40.7
Total Liabilities	261.5	402.7	1,415.4	1,554.9	1,687.1	1,585.8	1,573.7	1,565.2	1,560.2	1,558.7
Minority Interest	-	-	10.2	11.2	10.0	-	-	-	-	-
Shareholders Equity	446.5	588.2	732.9	881.1	969.0	762.7	853.9	937.2	1,011.7	1,076.4
Total Liabilities, Shareholders Equity, MI	708.0	990.9	2,158.5	2,447.2	2,666.1	2,348.5	2,427.5	2,502.4	2,571.9	2,635.2



Exhibit 9: Cohen Growth Drivers – Optimistic Case

Annual Revenues, Margins, Assets, Turns	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,251.8	2,319.4	2,388.9	2,460.6	2,534.4
Gross Margin	44%	46%	45%	46%	48%	49%	49%	49%	49%	49%
Operating Margin	13%	13%	13%	11%	13%	11%	10%	9%	9%	8%
Net Margin - Income Avail. To Shreholders	6%	6%	6%	4%	-6%	-9%	4%	3%	3%	3%
EPS - Diluted	0.52	0.68	0.87	0.73	(0.93)	(1.59)	0.70	0.63	0.56	0.48
EBITDA	122.2	158.7	222.9	244.9	269.7	244.9	235.1	224.1	211.9	198.4
Free Cash Flow	(187.0)	(65.1)	(470.8)	(89.7)	(187.5)	301.7	150.6	141.6	131.6	120.4
Cash	27.9	55.2	75.6	36.8	74.3	81.7	99.8	110.8	113.3	105.9
Working Capital	258.6	288.0	383.2	531.8	585.7	472.9	496.1	520.7	547.0	575.1
Long Term Debt	114.5	163.2	640.3	689.7	812.4	662.4	622.7	585.3	550.2	517.2
Total Debt	144.4	184.3	911.2	1,030.2	1,131.3	1,030.6	998.3	968.9	942.1	917.9
Total Assets	707.9	991.1	2,158.6	2,447.2	2,666.0	2,348.5	2,427.5	2,502.4	2,571.9	2,635.2
DSO	84.0	81.0	126.2	119.7	135.6	127.8	127.8	127.8	127.8	127.8
Inventory Turns	98.6	95.2	149.1	130.2	153.7	131.4	131.4	131.4	131.4	131.4
Fixed Asset Turns	37.2	35.4	50.9	46.8	65.0	47.1	47.1	47.1	47.1	47.1
Cash Cycle	3.5	2.7	2.8	3.3	2.9	2.8	2.8	2.8	2.8	2.8

Percentage Change in Annual Revenues, Margins, Ass	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	30.0%	36.9%	26.8%	-7.0%	10.0%	3.0%	3.0%	3.0%	3.0%
Gross Margin	2.7%	-0.4%	0.6%	5.2%	1.8%	0.0%	0.0%	0.0%	0.0%
Operating Margin	-0.1%	2.6%	-13.4%	18.4%	-17.4%	-6.8%	-7.4%	-8.2%	-9.1%
Net Margin	7.1%	-2.8%	-32.2%	-239.8%	54.8%	-142.9%	-11.2%	-13.2%	-15.7%
EPS - Diluted	30.8%	27.9%	-15.9%	-227.7%	69.8%	-144.2%	-9.5%	-11.5%	-14.1%
EBITDA	29.9%	40.5%	9.9%	10.1%	-9.2%	-4.0%	-4.7%	-5.4%	-6.4%
Free Cash Flow	-65.2%	622.9%	-81.0%	109.1%	-260.9%	-50.1%	-6.0%	-7.1%	-8.5%
Cash	97.8%	37.0%	-51.3%	101.9%	9.9%	22.2%	11.0%	2.3%	-6.5%
Working Capital	11.4%	33.1%	38.8%	10.1%	-19.3%	4.9%	5.0%	5.0%	5.1%
Long Term Debt	42.5%	292.3%	7.7%	17.8%	-18.5%	-6.0%	-6.0%	-6.0%	-6.0%
Total Debt	27.6%	394.4%	13.1%	9.8%	-8.9%	-3.1%	-3.0%	-2.8%	-2.6%
Total Assets	40.0%	117.8%	13.4%	8.9%	-11.9%	3.4%	3.1%	2.8%	2.5%
DSO	-3.5%	55.7%	-5.1%	13.3%	-5.8%	0.0%	0.0%	0.0%	0.0%
Inventory Turns	-3.5%	56.7%	-12.7%	18.1%	-14.5%	0.0%	0.0%	0.0%	0.0%
Fixed Asset Turns	-4.8%	43.9%	-8.0%	38.9%	-27.6%	0.0%	0.0%	0.0%	0.0%
Cash Cycle	-23.1%	5.5%	16.1%	-10.5%	-4.2%	0.0%	0.0%	0.0%	0.0%



Exhibit 10: Cohen Extended Growth Drivers – Optimistic Case

	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Growth Drivers										
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,251.8	2,319.4	2,388.9	2,460.6	2,534.4
Cost of Revenues	541.7	688.8	946.0	1,193.9	1,062.0	1,148.4	1,182.9	1,218.4	1,254.9	1,292.6
Gross Profit	433.2	578.1	788.5	1,006.3	985.1	1,103.4	1,136.5	1,170.6	1,205.7	1,241.9
Operating Income	122.2	158.7	222.9	244.9	269.7	244.9	235.1	224.1	211.9	198.4
Net Income	58.4	81.3	108.2	93.1	(121.1)	(206.3)	91.1	83.3	74.5	64.7
Spread on IC										
Return on Invested Capital	20.7%	20.5%	13.6%	12.8%	12.8%	13.7%	12.7%	11.8%	10.8%	9.9%
WACC	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	10.2%	10.6%	11.0%	11.3%
Spread	11.0%	10.9%	3.9%	3.1%	3.2%	4.0%	2.5%	1.1%	-0.2%	-1.4%
Profitability										
Return on Equity	13.1%	13.8%	14.8%	10.6%	-12.5%	-27.0%	10.7%	8.9%	7.4%	6.0%
Return on Assets	17.3%	16.0%	10.3%	10.0%	10.1%	10.4%	9.7%	9.0%	8.2%	7.5%
Asset Turnover	9.8	10.3	7.2	7.8	5.6	7.8	7.8	7.8	7.8	7.8
Profit Margin	6%	6%	6%	4%	-6%	-9%	4%	3%	3%	3%
Return on Invested Capital	20.7%	20.5%	13.6%	12.8%	12.8%	13.7%	12.7%	11.8%	10.8%	9.9%
Capital Efficiency										
PPE / Revenue	10.2%	9.7%	14.0%	12.8%	17.8%	12.9%	12.9%	12.9%	12.9%	12.9%
Intangible Assets/Revenue	6.7%	9.6%	14.3%	11.3%	12.3%	6.4%	6.2%	6.1%	5.9%	5.7%
WC / Revenue	26.5%	22.7%	22.1%	24.2%	28.6%	21.0%	21.4%	21.8%	22.2%	22.7%
Operating Ratios										
Gross Profit Margin	44.4%	45.6%	45.5%	45.7%	48.1%	49.0%	49.0%	49.0%	49.0%	49.0%
EBITDA Margin	12.5%	12.5%	12.9%	11.1%	13.2%	10.9%	10.1%	9.4%	8.6%	7.8%
EBIT Margin	10.4%	10.4%	10.4%	8.1%	9.9%	8.5%	7.8%	7.0%	6.2%	5.5%
Cost of Services/Revenues	55.6%	54.4%	54.5%	54.3%	51.9%	51.0%	51.0%	51.0%	51.0%	51.0%
SG&A Expenses/Revenues	31.9%	33.1%	32.6%	34.6%	34.9%	38.1%	38.9%	39.6%	40.4%	41.2%
Liquidity										
Working Capital	258.6	288.0	383.2	531.8	585.7	472.9	496.1	520.7	547.0	575.1
Current Ratio	2.9	2.5	1.7	1.7	1.9	1.6	1.7	1.7	1.7	1.7
Quick Ratio	2.0	1.7	1.1	1.2	1.3	1.2	1.2	1.2	1.2	1.2
Debt										
Total Debt	144.4	184.3	911.2	1,030.2	1,131.3	1,030.6	998.3	968.9	942.1	917.9
Debt Ratio	0.2	0.2	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5
Debt to Equity	0.3	0.3	1.2	1.2	1.2	1.4	1.2	1.0	0.9	0.9

Exhibit 11: Cohen Liquidity Matrix – Optimistic Case

	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Liquidity Matrix										
Current Ratio	2.9	2.5	1.7	1.7	1.9	1.6	1.7	1.7	1.7	1.7
Quick Ratio	2.0	1.7	1.1	1.2	1.3	1.2	1.2	1.2	1.2	1.2
Cash Ratio	0.2	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Working Capital Matrix										
Working Capital	258.6	288.0	383.2	531.8	585.7	472.9	496.1	520.7	547.0	575.1
Cash Flow from Operations to Current Liabilities										
Working Capital Provided by Net Income	79.6	108.1	150.1	158.7	(54.2)	(153.0)	146.0	139.8	132.7	124.6
Leverage Ratios										
Gearing Ratio	0.3	0.3	0.9	0.8	0.8	0.9	0.7	0.6	0.5	0.5
Financial Leverage Ratio	0.3	0.3	1.2	1.2	1.2	1.4	1.2	1.0	0.9	0.9
Debt to Assets	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Interest Coverage Ratio	12.2	20.6	8.7	3.8	4.4	3.7	3.6	3.5	3.3	3.0
Equity Multiplier	1.6	1.7	2.9	2.8	2.8	3.1	2.8	2.7	2.5	2.4
Capital Structure Ratio	0.2	0.2	0.5	0.4	0.5	0.5	0.4	0.4	0.4	0.3



Exhibit 12: Cohen Net Cash Flow from Operations Analysis – Optimistic Case

Cohen Net Cash Flow from Operations	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,251.8	2,319.4	2,388.9	2,460.6	2,534.4
plus decrease (-increase) in AR	(44.9)	(56.9)	(318.2)	(122.1)	(38.8)	(27.7)	(23.6)	(24.4)	(25.1)	(25.8)
Gross Cash Collections from Operations	930.0	1,210.0	1,416.3	2,078.1	2,008.3	2,224.1	2,295.7	2,364.6	2,435.5	2,508.6
Operating Expenses										
Cost of Goods Sold	541.7	688.8	946.0	1,193.9	1,062.0	1,148.4	1,182.9	1,218.4	1,254.9	1,292.6
General an Administrative Expenses	311.0	419.4	565.6	761.4	715.4	858.5	901.4	946.5	993.8	1,043.5
R&D Expenses	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	852.7	1,108.2	1,511.6	1,955.3	1,777.4	2,006.9	2,084.3	2,164.8	2,248.7	2,336.0
Working Capital Changes										
Decrease (Increase) in Inventories	(29.3)	(33.2)	(206.8)	(39.5)	(21.4)	33.9	(12.4)	(12.8)	(13.2)	(13.6)
Decrease (Increase) in Short Term Investmer	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in Other Current Assets	(7.0)	(16.0)	(40.0)	(58.1)	(2.4)	(2.7)	(14.7)	(16.4)	(18.2)	(20.2)
Increase (Decrease) in Accounts Payable	12.9	40.6	107.3	7.8	39.2	21.1	8.4	8.7	8.9	9.2
Increase (Decrease) in Notes Payable	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in STD	4.2	(10.2)	209.3	95.8	(17.3)	29.9	9.9	10.1	10.5	10.8
Increase (Decrease) in Accrued Expenses	8.4	37.3	103.9	18.1	(6.1)	39.0	11.7	12.3	12.9	13.5
Increase (Decrease) in Other Current Liab	2.2	7.6	8.8	(24.4)	(2.8)	-	-	-	-	-
Total Changes in Working Capital	(8.6)	26.1	182.5	(0.3)	(10.8)	121.1	2.8	2.0	0.9	(0.3)
Total Cash Outflows for Op (Op Exp+Chg W	844.1	1,134.3	1,694.1	1,955.0	1,766.6	2,128.0	2,087.1	2,166.8	2,249.7	2,335.8
Net Cash Flow from Operations (NCFO)	85.9	75.7	(277.8)	123.1	241.7	96.1	208.6	197.8	185.9	172.8
Cohen NCFO Analysis	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
NCFO / Diluted Share	0.77	0.63	(2.23)	0.97	1.86	0.74	1.60	1.51	1.40	1.29
Diluted EPS	0.52	0.68	0.87	0.73	(0.93)	(1.59)	0.70	0.63	0.56	0.48
Cohen NCFO Coverage Ratios	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Interest Coverage (NCFO/Int Exp)	10.4	11.8	(13.4)	2.6	5.2	1.9	4.2	4.1	3.9	3.8
Cohen Free Cash Flows	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Cash Flow = ni+depr+amort	79.6	108.1	150.1	158.7	(54.2)	(153.0)	146.0	139.8	132.7	124.6
Net Cash Flow (CF-Div)	79.6	108.1	150.1	158.7	(54.2)	(153.0)	146.0	139.8	132.7	124.6
Exchange rate effects	2.2	2.9	(0.2)	-	4.9	(0.6)	-	-	-	-
Working Capital Change	(21.49)	(10.2)	(353.5)	400.9	118.6	(145.6)	112.5	(10.8)	(11.9)	(13.1)
Free Cash Flow	(187.0)	(65.1)	(470.8)	(89.7)	(187.5)	301.7	150.6	141.6	131.6	120.4
Cash Flow/Assets	0.1	0.1	0.1	0.1	(0.0)	(0.1)	0.1	0.1	0.1	0.0
Net Cash Flow/Assets	0.1	0.1	0.1	0.1	(0.0)	(0.1)	0.1	0.1	0.1	0.0
Free Cash Flow/Assets	(0.3)	(0.1)	(0.2)	(0.0)	(0.1)	0.1	0.1	0.1	0.1	0.0
Net Cash Flow Per Share	0.7	0.9	1.2	1.2	(0.4)	(1.2)	1.1	1.1	1.0	0.9
Free Cash Flow Per Share	(1.7)	(0.5)	(3.8)	(0.7)	(1.4)	2.3	1.2	1.1	1.0	0.9
NCFO Per Share	0.8	0.6	(2.2)	1.0	1.9	0.7	1.6	1.5	1.4	1.3
Diluted EPS, Before Extraordinary Items	0.5	0.7	0.9	0.7	0.9	0.8	0.7	0.6	0.6	0.5



Exhibit 13: Forecasted Income Statement – Pessimistic Case

all figures in \$ million	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,169.9	2,191.6	2,213.5	2,235.7	2,258.0
Cost of Goods Sold	541.7	688.8	946.0	1,193.9	1,062.0	1,106.7	1,117.7	1,128.9	1,140.2	1,129.0
Gross Profit	433.2	578.1	788.5	1,006.3	985.1	1,063.3	1,073.9	1,084.6	1,095.5	1,129.0
Selling and Admin Expenses	311.0	419.4	565.6	761.4	715.4	858.5	901.4	946.5	984.3	1,023.7
Operating Profit/ EBITDA	122.2	158.7	222.9	244.9	269.7	204.8	172.5	138.2	111.1	105.3
Depreciation and Amortization	21.2	26.8	41.9	65.6	66.9	51.3	51.8	52.4	52.9	53.4
EBIT	101.0	131.9	181.0	179.3	202.8	153.5	120.7	85.8	58.3	51.9
Interest Expense, Net	8.3	6.4	20.8	47.4	46.6	50.9	49.0	47.2	45.5	43.9
Foreign Currency (gain) loss	2.2	2.9	(0.2)	-	4.9	(0.6)	-	-	-	-
Other Income Expense	0.5	0.7	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1
EBT	90.0	121.9	160.0	131.6	151.2	103.0	71.6	38.5	12.7	7.9
Provision for Taxation	31.6	40.6	51.8	37.4	34.5	30.9	21.5	11.6	3.8	2.4
Net Profit from Continued Operations	58.4	81.3	108.2	94.2	116.7	72.1	50.1	27.0	8.9	5.5
Net Profit from Discontinued Operations				(1.1)	(237.8)	(304.7)	-	-	-	-
Net Profit	58.4	81.3	108.2	93.1	(121.1)	(232.6)	50.1	27.0	8.9	5.5
EPS Continued Operations - Diluted	0.52	0.68	0.87	0.74	0.90	0.55	0.39	0.21	0.07	0.04
EPS - Diluted	0.52	0.68	0.87	0.73	(0.93)	(1.79)	0.39	0.21	0.07	0.04

Exhibit 14: Forecasted Balance Sheet – Pessimistic Case

all figures in \$ million	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
ASSETS										
Cash	27.9	55.2	75.6	36.8	74.3	89.9	86.4	61.1	16.6	(28.1)
Inventory	146.4	179.6	386.4	425.9	447.3	398.4	402.4	406.4	410.5	406.4
Account Receivables	224.4	281.3	599.5	721.6	760.4	759.5	767.1	774.7	782.5	790.3
Other Receivables	7.6	16.2	27.4	35.3	35.4	21.7	21.9	22.1	22.4	22.6
Deferred Income Taxes	-	34.6	41.6	84.7	94.9	106.3	119.1	133.5	149.6	167.6
Prepaid Expenses and Advances	27.2	-	21.8	28.9	21.0	25.2	26.5	27.8	28.9	30.1
Total Current Assets	433.5	566.9	1,152.3	1,333.2	1,433.3	1,401.0	1,423.3	1,425.7	1,410.3	1,388.8
Property, Plant and Equipment, Net	99.3	122.8	242.0	282.3	364.8	279.8	282.6	285.5	288.3	291.2
Intangibles	65.6	121.1	247.7	248.2	252.3	144.8	144.8	144.8	144.8	144.8
Goodwill	98.8	169.8	449.4	515.7	545.2	416.3	416.3	416.3	416.3	416.3
Deferred Income Taxes	-	10.5	-	-	3.0	14.7	14.7	14.7	14.7	14.7
Others	10.7	-	67.2	67.8	67.4	43.4	43.8	44.3	44.7	45.2
Total Assets	707.9	991.1	2,158.6	2,447.2	2,666.0	2,300.1	2,325.6	2,331.2	2,319.2	2,301.0
LIABILITIES										
Short Term Loans	21.0	10.8	220.1	315.9	298.6	316.5	319.7	322.9	326.1	329.4
Current Portion of LTD	8.9	10.3	50.8	24.6	20.3	39.7	37.4	35.1	33.0	31.0
Accounts Payable	64.5	105.1	212.4	220.2	259.4	270.3	273.0	275.7	278.5	275.8
Accrued Expenses	41.8	79.1	183.0	201.1	195.0	234.0	245.7	258.0	268.3	279.0
Others	10.8	18.4	27.2	2.8	-	-	-	-	-	-
Total Current Liabilities	147.0	223.7	693.5	764.6	773.3	860.6	875.8	891.7	905.9	915.2
Long-Term Debt	114.5	163.2	640.3	689.7	812.4	662.4	622.7	585.3	550.2	517.2
Deferred Tax Liabilities and Others	-	15.8	81.6	100.6	101.4	40.7	40.7	40.7	40.7	40.7
Total Liabilities	261.5	402.7	1,415.4	1,554.9	1,687.1	1,563.7	1,539.1	1,517.7	1,496.8	1,473.1
Minority Interest	-	-	10.2	11.2	10.0	-	-	-	-	-
Shareholders Equity	446.5	588.2	732.9	881.1	969.0	736.4	786.5	813.5	822.4	827.9
Total Liabilities, Shareholders Equity, MI	708.0	990.9	2,158.5	2,447.2	2,666.1	2,300.1	2,325.6	2,331.2	2,319.2	2,301.0



Exhibit 15: Cohen Growth Drivers – Pessimistic Case

Annual Revenues, Margins, Assets, Turns	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,169.9	2,191.6	2,213.5	2,235.7	2,258.0
Gross Margin	44%	46%	45%	46%	48%	49%	49%	49%	49%	50%
Operating Margin	13%	13%	13%	11%	13%	9%	8%	6%	5%	5%
Net Margin - Income Avail. To Shreholders	6%	6%	6%	4%	-6%	-11%	2%	1%	0%	0%
EPS - Diluted	0.52	0.68	0.87	0.73	(0.93)	(1.79)	0.39	0.21	0.07	0.04
EBITDA	122.2	158.7	222.9	244.9	269.7	204.8	172.5	138.2	111.1	105.3
Free Cash Flow	(187.0)	(65.1)	(470.8)	(89.7)	(187.5)	306.6	124.7	99.7	77.4	74.5
Cash	27.9	55.2	75.6	36.8	74.3	89.9	86.4	61.1	16.6	(28.1)
Working Capital	258.6	288.0	383.2	531.8	585.7	450.5	461.2	472.8	487.8	501.7
Long Term Debt	114.5	163.2	640.3	689.7	812.4	662.4	622.7	585.3	550.2	517.2
Total Debt	144.4	184.3	911.2	1,030.2	1,131.3	1,018.7	979.7	943.3	909.3	877.6
Total Assets	707.9	991.1	2,158.6	2,447.2	2,666.0	2,300.1	2,325.6	2,331.2	2,319.2	2,301.0
DSO	84.0	81.0	126.2	119.7	135.6	127.8	127.8	127.8	127.8	127.8
Inventory Turns	98.6	95.2	149.1	130.2	153.7	131.4	131.4	131.4	131.4	131.4
Fixed Asset Turns	37.2	35.4	50.9	46.8	65.0	47.1	47.1	47.1	47.1	47.1
Cash Cycle	3.5	2.7	2.8	3.3	2.9	2.8	2.8	2.8	2.8	2.9

Percentage Change in Annual Revenues, Margins, Ass	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	30.0%	36.9%	26.8%	-7.0%	6.0%	1.0%	1.0%	1.0%	1.0%
Gross Margin	2.7%	-0.4%	0.6%	5.2%	1.8%	0.0%	0.0%	0.0%	2.0%
Operating Margin	-0.1%	2.6%	-13.4%	18.4%	-28.4%	-16.6%	-20.7%	-20.3%	-6.2%
Net Margin	7.1%	-2.8%	-32.2%	-239.8%	81.1%	-121.3%	-46.7%	-67.4%	-38.3%
EPS - Diluted	30.8%	27.9%	-15.9%	-227.7%	91.5%	-121.5%	-46.7%	-67.4%	-38.3%
EBITDA	29.9%	40.5%	9.9%	10.1%	-24.1%	-15.8%	-19.9%	-19.6%	-5.3%
Free Cash Flow	-65.2%	622.9%	-81.0%	109.1%	-263.5%	-59.3%	-20.0%	-22.4%	-3.8%
Cash	97.8%	37.0%	-51.3%	101.9%	21.1%	-4.0%	-29.2%	-72.9%	-269.6%
Working Capital	11.4%	33.1%	38.8%	10.1%	-23.1%	2.4%	2.5%	3.2%	2.9%
Long Term Debt	42.5%	292.3%	7.7%	17.8%	-18.5%	-6.0%	-6.0%	-6.0%	-6.0%
Total Debt	27.6%	394.4%	13.1%	9.8%	-10.0%	-3.8%	-3.7%	-3.6%	-3.5%
Total Assets	40.0%	117.8%	13.4%	8.9%	-13.7%	1.1%	0.2%	-0.5%	-0.8%
DSO	-3.5%	55.7%	-5.1%	13.3%	-5.8%	0.0%	0.0%	0.0%	0.0%
Inventory Turns	-3.5%	56.7%	-12.7%	18.1%	-14.5%	0.0%	0.0%	0.0%	0.0%
Fixed Asset Turns	-4.8%	43.9%	-8.0%	38.9%	-27.6%	0.0%	0.0%	0.0%	0.0%
Cash Cycle	-23.1%	5.5%	16.1%	-10.5%	-4.2%	0.0%	0.0%	0.0%	2.0%



Exhibit 16: Cohen Extended Growth Drivers – Pessimistic Case

	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Growth Drivers										
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,169.9	2,191.6	2,213.5	2,235.7	2,258.0
Cost of Revenues	541.7	688.8	946.0	1,193.9	1,062.0	1,106.7	1,117.7	1,128.9	1,140.2	1,129.0
Gross Profit	433.2	578.1	788.5	1,006.3	985.1	1,063.3	1,073.9	1,084.6	1,095.5	1,129.0
Operating Income	122.2	158.7	222.9	244.9	269.7	204.8	172.5	138.2	111.1	105.3
Net Income	58.4	81.3	108.2	93.1	(121.1)	(232.6)	50.1	27.0	8.9	5.5
Spread on IC										
Return on Invested Capital	20.7%	20.5%	13.6%	12.8%	12.8%	11.7%	9.8%	7.9%	6.4%	6.2%
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	10.0%	10.2%	10.4%	10.6%
Spread	11.1%	10.9%	4.0%	3.2%	3.2%	2.1%	-0.2%	-2.4%	-4.0%	-4.4%
Profitability										
Return on Equity	13.1%	13.8%	14.8%	10.6%	-12.5%	-31.6%	6.4%	3.3%	1.1%	0.7%
Return on Assets	17.3%	16.0%	10.3%	10.0%	10.1%	8.9%	7.4%	5.9%	4.8%	4.6%
Asset Turnover	9.8	10.3	7.2	7.8	5.6	7.8	7.8	7.8	7.8	7.8
Profit Margin	6%	6%	6%	4%	-6%	-11%	2%	1%	0%	0%
Return on Invested Capital	20.7%	20.5%	13.6%	12.8%	12.8%	11.7%	9.8%	7.9%	6.4%	6.2%
Capital Efficiency										
PPE / Revenue	10.2%	9.7%	14.0%	12.8%	17.8%	12.9%	12.9%	12.9%	12.9%	12.9%
Intangible Assets/Revenue	6.7%	9.6%	14.3%	11.3%	12.3%	6.7%	6.6%	6.5%	6.5%	6.4%
WC / Revenue	26.5%	22.7%	22.1%	24.2%	28.6%	20.8%	21.0%	21.4%	21.8%	22.2%
Operating Ratios										
Gross Profit Margin	44.4%	45.6%	45.5%	45.7%	48.1%	49.0%	49.0%	49.0%	49.0%	50.0%
EBITDA Margin	12.5%	12.5%	12.9%	11.1%	13.2%	9.4%	7.9%	6.2%	5.0%	4.7%
EBIT Margin	10.4%	10.4%	10.4%	8.1%	9.9%	7.1%	5.5%	3.9%	2.6%	2.3%
Cost of Services/Revenues	55.6%	54.4%	54.5%	54.3%	51.9%	51.0%	51.0%	51.0%	51.0%	50.0%
SG&A Expenses/Revenues	31.9%	33.1%	32.6%	34.6%	34.9%	39.6%	41.1%	42.8%	44.0%	45.3%
Liquidity										
Working Capital	258.6	288.0	383.2	531.8	585.7	450.5	461.2	472.8	487.8	501.7
Current Ratio	2.9	2.5	1.7	1.7	1.9	1.6	1.6	1.6	1.6	1.5
Quick Ratio	2.0	1.7	1.1	1.2	1.3	1.2	1.2	1.1	1.1	1.1
Debt										
Total Debt	144.4	184.3	911.2	1,030.2	1,131.3	1,018.7	979.7	943.3	909.3	877.6
Debt Ratio	0.2	0.2	0.6	0.5	0.5	0.6	0.6	0.5	0.5	0.5
Debt to Equity	0.3	0.3	1.2	1.2	1.2	1.4	1.2	1.2	1.1	1.1

Exhibit 17: Cohen Liquidity Matrix – Pessimistic Case

	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Liquidity Matrix										
Current Ratio	2.9	2.5	1.7	1.7	1.9	1.6	1.6	1.6	1.6	1.5
Quick Ratio	2.0	1.7	1.1	1.2	1.3	1.2	1.2	1.1	1.1	1.1
Cash Ratio	0.2	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.0	(0.0)
Working Capital Matrix										
Working Capital	258.6	288.0	383.2	531.8	585.7	450.5	461.2	472.8	487.8	501.7
Cash Flow from Operations to Current Liabilities										
Working Capital Provided by Net Income	79.6	108.1	150.1	158.7	(54.2)	(181.3)	101.9	79.3	61.8	58.9
Leverage Ratios										
Gearing Ratio	0.3	0.3	0.9	0.8	0.8	0.9	0.8	0.7	0.7	0.6
Financial Leverage Ratio	0.3	0.3	1.2	1.2	1.2	1.4	1.2	1.2	1.1	1.1
Debt to Assets	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Interest Coverage Ratio	12.2	20.6	8.7	3.8	4.4	3.0	2.5	1.8	1.3	1.2
Equity Multiplier	1.6	1.7	2.9	2.8	2.8	3.1	3.0	2.9	2.8	2.8
Capital Structure Ratio	0.2	0.2	0.5	0.4	0.5	0.5	0.4	0.4	0.4	0.4



Exhibit 18: Cohen Net Cash Flow from Operations Analysis – Pessimistic Case

Cohen Net Cash Flow from Operations	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Revenues	974.9	1,266.9	1,734.5	2,200.2	2,047.1	2,169.9	2,191.6	2,213.5	2,235.7	2,258.0
plus decrease (-increase) in AR	(44.9)	(56.9)	(318.2)	(122.1)	(38.8)	0.9	(7.6)	(7.7)	(7.7)	(7.8)
Gross Cash Collections from Operations	930.0	1,210.0	1,416.3	2,078.1	2,008.3	2,170.9	2,184.0	2,205.9	2,227.9	2,250.2
Operating Expenses										
Cost of Goods Sold	541.7	688.8	946.0	1,193.9	1,062.0	1,106.7	1,117.7	1,128.9	1,140.2	1,129.0
General an Administrative Expenses	311.0	419.4	565.6	761.4	715.4	858.5	901.4	946.5	984.3	1,023.7
R&D Expenses	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	852.7	1,108.2	1,511.6	1,955.3	1,777.4	1,965.1	2,019.1	2,075.4	2,124.5	2,152.7
Working Capital Changes										
Decrease (Increase) in Inventories	(29.3)	(33.2)	(206.8)	(39.5)	(21.4)	48.9	(4.0)	(4.0)	(4.1)	4.0
Decrease (Increase) in Short Term Investmer	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in Other Current Assets	(7.0)	(16.0)	(40.0)	(58.1)	(2.4)	(1.9)	(14.3)	(15.9)	(17.4)	(19.4)
Increase (Decrease) in Accounts Payable	12.9	40.6	107.3	7.8	39.2	10.9	2.7	2.7	2.8	(2.7)
Increase (Decrease) in Notes Payable	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in STD	4.2	(10.2)	209.3	95.8	(17.3)	17.9	3.2	3.2	3.2	3.3
Increase (Decrease) in Accrued Expenses	8.4	37.3	103.9	18.1	(6.1)	39.0	11.7	12.3	10.3	10.7
Increase (Decrease) in Other Current Liab	2.2	7.6	8.8	(24.4)	(2.8)	-	-	-	-	-
Total Changes in Working Capital	(8.6)	26.1	182.5	(0.3)	(10.8)	114.8	(0.7)	(1.7)	(5.2)	(4.1)
Total Cash Outflows for Op (Op Exp+Chg W)	844.1	1,134.3	1,694.1	1,955.0	1,766.6	2,079.9	2,018.4	2,073.7	2,119.4	2,148.6
Net Cash Flow from Operations (NCFO)	85.9	75.7	(277.8)	123.1	241.7	90.9	165.6	132.2	108.6	101.6
Cohen NCFO Analysis	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
NCFO / Diluted Share	0.77	0.63	(2.23)	0.97	1.86	0.70	1.27	1.01	0.82	0.76
Diluted EPS	0.52	0.68	0.87	0.73	(0.93)	(1.79)	0.39	0.21	0.07	0.04
Cohen NCFO Coverage Ratios	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Interest Coverage (NCFO/Int Exp)	10.4	11.8	(13.4)	2.6	5.2	1.8	3.4	2.8	2.4	2.3
Cohen Free Cash Flows	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E
Cash Flow = ni+depr+amort	79.6	108.1	150.1	158.7	(54.2)	(181.3)	101.9	79.3	61.8	58.9
Net Cash Flow (CF-Div)	79.6	108.1	150.1	158.7	(54.2)	(181.3)	101.9	79.3	61.8	58.9
Exchange rate effects	2.2	2.9	(0.2)	-	4.9	(0.6)	-	-	-	-
Working Capital Change	(21.49)	(10.2)	(353.5)	400.9	118.6	(150.8)	74.7	(33.4)	(23.6)	(7.0)
Free Cash Flow	(187.0)	(65.1)	(470.8)	(89.7)	(187.5)	306.6	124.7	99.7	77.4	74.5
Cash Flow/Assets	0.1	0.1	0.1	0.1	(0.0)	(0.1)	0.0	0.0	0.0	0.0
Net Cash Flow/Assets	0.1	0.1	0.1	0.1	(0.0)	(0.1)	0.0	0.0	0.0	0.0
Free Cash Flow/Assets	(0.3)	(0.1)	(0.2)	(0.0)	(0.1)	0.1	0.1	0.0	0.0	0.0
Net Cash Flow Per Share	0.7	0.9	1.2	1.2	(0.4)	(1.4)	0.8	0.6	0.5	0.4
Free Cash Flow Per Share	(1.7)	(0.5)	(3.8)	(0.7)	(1.4)	2.4	1.0	0.8	0.6	0.6
NCFO Per Share	0.8	0.6	(2.2)	1.0	1.9	0.7	1.3	1.0	0.8	0.8
Diluted EPS, Before Extraordinary Items	0.5	0.7	0.9	0.7	0.9	0.6	0.4	0.2	0.1	0.0



LATEST NEWS

09/04/2008 **Quiksilver, Inc. Reports Fiscal 2008 Third Quarter Financial Results**

HUNTINGTON BEACH, Calif., Sep 4, 2008 -- Quiksilver, Inc. today announced operating results for the third quarter ended July 31, 2008. C...

08/27/2008 **BellwetherReport.com Analyst Opinions on TSO, XCO, PPC and ZQK**

BellwetherReport.com is the leading online financial newsletter for investors seeking top independent and unbiased research. Investors seeking free and unbiased analyst opinions on the companies mentioned in this release are encouraged to sign up to ...

08/27/2008 **Quiksilver, Inc. Receives Binding Offer for Rossignol**

HUNTINGTON BEACH, Calif., Aug 27, 2008 -- Quiksilver, Inc. today announced that it has received a binding offer for the acquisition of 100% of the Rossignol Group. T...

08/26/2008 **Quiksilver, Inc. to Broadcast Review of Fiscal 2008 Third Quarter Financial Results over the Internet**

HUNTINGTON BEACH, Calif., Aug 26, 2008 -- Quiksilver, Inc. today announced that the Company's conference call to review its fiscal 2008 third quarter financial results is expected to be broadcast live over the Internet on Thursday, September 4, 200...

07/07/2008 **Zacks Return On Equity Strategy Highlights: CKE Restaurants, ONEOK Partners, Quiksilver and NCI**

CHICAGO, Jul 7, 2008 -- One of the quickest ways to gauge whether a Company is creating assets or gobbling up investor's cash is to look at their Return on Equity . T...

06/26/2008 **Quiksilver, Inc. Announces Resignation of Michael Gray from Board of Directors**

HUNTINGTON BEACH, Calif., Jun 26, 2008 -- Quiksilver, Inc. today announced that Michael Gray has resigned from its Board of Directors effective Monday, June 23, 2008. "We appreciate the many contributions that Mike has made to our Company while...



Disclaimer:

This report/release is for informational purposes only. All information contained herein is based on public information. Ethical Standards: Cohen Independent Research Group complies with securities laws, regulations and ethical standards as related to our legal and compliance requirements. Certain securities regulations are cited and disclaimed in our Disclaimer. Ethical standards as related to our firm are the foundation of those securities laws and regulations we follow. Our firm is not a member of any association for other research providers. Our firm's policy is to comply with any new securities laws and regulations that might be promulgated in the future. Cohen Independent Research Group (CIRG) is a registered investment advisor that distributes contracted third party independent research purchased from outside third party contracted securities analysts. CIRG issues two types of reports: fundamental research reports that contain securities recommendations, and statistical data reports from The Cohen Financial and Valuation Model, and other statistical reports that do not recommend any security purchase; Buy, Hold/Neutral, No Recommendation or Sell. CIRG's contracted analysts issue certain securities recommendations for fundamental research reports under NASD Rule 2711 defined as: Buy, Hold/Neutral or Sell recommendations. The Cohen Financial and Valuation Model contains statistical data derived from SEC filings. This Model does not recommend the Purchase: Buy, Hold, Sell, No Recommendation or Short Sale of any security. CIRG purchases certain financial data derived from SEC filings and data compiled by other vendors. CIRG and its data vendors do not warranty that such SEC filing data and other compiled data is accurate. CIRG advises recipients of all such data to be validated from the issuing Company Including all statistical information derived from SEC filings contained herein. Neither CIRG nor any data vendor shall be held liable for any misinformation contained in any SEC filing data or compiled data from various data feeds. Guests of CIRG's website, readers of CIRG's distributed research and subscribers to The Cohen Financial and Valuation Model assume full responsibility for the accuracy of all SEC filing data and compiled data from other sources, and are urged to confirm that data with the specific issuing Company. For fundamental research reports, CIRG's outside contract analysts may at their option, assign a No Recommendation to certain research reports without opinion or rating, also published for informational purposes only. Under no circumstances is this report/release to be used or considered as an offer to sell or a solicitation of any offer to buy any security or other debt instruments, or any options, futures or other derivatives related to such securities herein. CIRG and its affiliates may trade for its own account, and own related securities of the issuer. CIRG or its affiliates, directors, officers and employees, may have a long or short position in securities of the issuer or related investments, and may effect securities transactions with CIRG clients through Direct Access Partners, Ltd. Investors interested in purchasing securities are urged to read the Prospectus, 10K, 10Q other relevant public documents in full, and to conduct their own research and due diligence. CIRG encourages our readers to invest carefully and read the investor information available on the web sites of the Securities and Exchange Commission ("SEC") at www.sec.gov and/or the National Association of Securities Dealers ("NASD") at www.nasd.com. The NASD has published information on how to invest carefully at its website. The reader should verify all claims and do his/her own due diligence before investing in any securities mentioned. Investing in securities is speculative and carries a high degree of risk. Investors are always encouraged to consult with their financial advisors, brokers, accountants, or attorneys and/or conduct their own due diligence prior to making an investment in any of our featured companies. CIRG's outside contracted analysts reserve the right to change their opinion at any point in time as they deem necessary. There is no guarantee that the target price for the stock will be met or that predicted business results for the Company will be met. Contracted analysts engaged by CIRG are responsible for the preparation and substance of CIRG's research reports. Analysts are responsible only to the public and are paid in cash to insure independence of the research process. Reports are written and distributed on behalf of the public, and are not a service to any Company. CIRG does not supervise any outside contracted analyst and does not guarantee this report to be error-free or factually accurate. CIRG is not a financial analyst as defined by NASD Rule 2711. Conclusions prepared by outside contracted analysts are deemed to be reasonable at the time of issuance of the report. All decisions are made solely by the outside contracted analyst and are independent of outside parties or influence. Neither the analyst's compensation nor the compensation received by CIRG is in any way related to the specific recommendations or views contained in this research report/release or note, nor is it related to price performance or volume of shares traded in the referenced security. CIRG or its affiliates may from time to time perform consulting or other services for, or solicit consulting or other business from any entity mentioned in this report/release. This research report/release has been prepared for general circulation and is circulated for general information only. It does not have regard to the specific investment objective, financial situation, suitability, and the particular need of any specific person who may receive this report/release. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report/release and should understand that statements regarding future prospects may not be realized. Investors should note that Income from such securities, if any, may fluctuate and that each security's price or value may rise or fall substantially. Accordingly, investors may receive back less than originally invested. Past performance is not indicative of future performance. CIRG has not entered into a soft dollar agreement with the referred to Company. CIRG does not currently have an investment banking relationship with the Company, or a finder's fee agreement with the Company. The Private



Securities Litigation Reform Act of 1995 provides investors a 'safe harbor' in regard to forward-looking statements. CIRG cautions all investors that such forward-looking statements in this report/release and all research CIRG research reports are not guarantees of future performance. Foreword looking statements include statements concerning plans, objectives, goals, strategies, future events, performances, underlying assumptions, and other statements that are statements other than historical facts. These statements are subjected to uncertainties and risks including but not limited to product and service demand and acceptance changes in technology, ability to raise capital, availability of acquisition candidates, and or business partnerships or economic conditions, impact of pricing, capacity and supply constraints, or difficulties, or government regulation and other tasks certified in this document. All such written statements, whether written or oral and whether made by or on behalf of the companies presented are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the foreword looking statements. In addition, CIRG disclaims any obligation to update any foreword looking statements to reflect events and circumstances as of the following date of this report/release. Unknown risk, including bankruptcy, uncertainties, as well as other uncontrollable or unknown factors may cause actual results to materially differ from the results, performance or expectations expressed or implied by such forward-looking statement. Smaller companies have a higher likelihood of filing bankruptcy. Investors are urged to do their own research regarding the dangers of a potential bankruptcy filing. CIRG urges all potential investors to perform comprehensive due-diligence prior to making any investment. When used, the words "anticipate," "believe," "estimate," "expect," and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. The Company's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward looking statements. Further management discussion of risks and uncertainties can be found in the Company's quarterly filings with the Securities Exchange Commission and other periodic SEC filings. CIRG and its data vendors do not assume any responsibility or liability for any investor decision made as a result of reading this report/release or accessing financial data from CIRG's various data vendors. CIRG and the issuing Company do not assume any responsibility or liability for any investor decision made as a result of reading this report/release. Readers hereby acknowledge that any reliance upon any Materials shall be at the reader's sole risk. CIRG is normally paid cash and is sometimes paid in stock, warrants, options or other securities to publish information provided by its clients. Non-cash payments to CIRG are designed to help smaller companies conserve their cash positions. CIRG reserves the right, in its sole discretion and without any obligation, to make improvements to, or correct any error or omissions in any portion of the Service or the Materials. The service and the materials are provided by CIRG on an 'as is' basis. CIRG expressly disclaims any and all warranties, express or implied, including without limitation warranties or merchantability and fitness for a particular purpose, with respect to the service or any materials and products. In no event shall CIRG be liable for any direct, indirect, incidental, punitive, or consequential damages of any kind whatsoever with respect to the service, the materials and the products. This report/release has been prepared in accordance with the Securities and Exchange Commission's rules and amendments, Oct 23, 2000, regarding 17 CFR Parts, 240, 243 and 249, (Selective Disclosure and Insider Trading), Regulation FD (Fair Disclosure), 10b5-1, 10b5-2, and NASD Rules 2250, 2420, 2710 and 2711. CIRG currently charges \$29,500 for analyst research coverage and distribution of research material for a one year period for initiate coverage reports 50 pages or less: \$39,500 for initiate coverage reports 50 pages or more, and \$49,500 for initiate coverage reports of 100 pages or more. AlphaTrade has paid \$1000 cash and shares worth \$14,000 for five year's research coverage. This document shall not be copied nor reproduced in any form without the expressed written and authorized consent of CIRG. Copyright: CIRG and D. Paul Cohen

Recommendations: BUY 98%, SELL 2%

