

**Q.1 Comprehensive Income**

Net income	110
<u>Add</u> Foreign currency translation gain	4
<u>Less</u> Unrealized loss on debt securities held	<u>(5)</u>
<b>Comprehensive income</b>	<b><u>109</u></b>

**Q2 Core operating income after tax**

Net income after tax	110
Add Interest expenses	21
Less Interest income	(5)
Add Restructuring charges	14
Add Selling and general expenses	<u>300</u>
	<b><u>440</u></b>

**Q.3 Net financial expenses after tax**

$$\begin{aligned}\text{Net Financial expenses} &= \text{financial expenses} - \text{financial income} \\ &= 21 - 5 \\ &= \mathbf{16}\end{aligned}$$

$$\begin{aligned}\text{Net financial expenses after tax} &= \text{financial expenses} (1 - \text{tax rate}) \\ &= 16 (1 - 60 / 170) \\ &= 16 (110 / 170) \\ &= \mathbf{10.352}\end{aligned}$$

**Q4 Return on net operating assets = operating income / net operating assets**

$$\begin{aligned}\text{Net operating asset} &= \text{operating asset} - \text{operating liability} \\ &= 1036 - 113 \\ &= 923\end{aligned}$$

$$\begin{aligned}\text{Return on operating asset} &= 200 / 923 * 100 \\ &= \mathbf{21.66\%}\end{aligned}$$

**Q5 Core return on net operating assets = GP / Net operating asset**

$$\begin{aligned}&= 500 / 923 \\ &= \mathbf{54.17}\end{aligned}$$

**Q.6 Net borrowing cost = Interest expenses – interest income**

$$\begin{aligned}&= 21 - 5 \\ &= \mathbf{16}\end{aligned}$$

**Q.7 Free cash flow = cash flow from operating profit after tax – cash used in firm's investment**

Net income after tax		= 110
Less decrease in operating assets	(126)	
Add Increase in operating liability	<u>53</u>	<u>73</u>
Cash from operating profit after tax		183
Less cash used in investment	(110 – 90)	<u>(20)</u>
Free cash flow		<b>163</b>