



## COMPANY INFORMATION

Date of Report: 16 November 2020

Company Name:		Registration Number:	Country:
N.A.		N.A.	Malaysia
MSIC Code:	Industry:	Latest Financial Year:	Currency:
N.A.	Biomedical & Healthcare Services	2019	MYR

**Sufficient equity to pay liabilities?**

**Is the firm profitable?**

**Is the firm growing?**

**NO**

**YES**

**NO**

## FUNDAMENTAL AREAS TO LOOK AT

### ISSUES RELATING TO BUSINESS PERFORMANCE

Costs have abated and under control during the period.

The firm experienced very slight increase in profit margins over the period - profit performance appears muted but on a generally upward trend.

Sales for the firm had been very neutral and reflected a muted performance. Demand for its goods and services were not apparent.

### IMPACT OF STRATEGIES ON SHAREHOLDER VALUE

High risk exposure to liabilities relative to equity, contributed to a weak balance sheet position. The firm's valuation is very likely to be adversely affected as a result.

There was a notable decline in the firm's overall profitability compared to the previous period.

The shareholders experienced major constraints to their investments during the period. The valuation of the firm could be eroded significantly because of the decline in ROE.

### RISK AREAS TO WATCH FOR

There is unlikely to be any movement in the direction of sales for the firm and indicated an indifferent growth position. Little evidence of any demand changes for its goods and services.

The firm registered a faster sales growth than its liability growth during the period. The drive for expansion appeared to be driven by margins and pricing management, rather than aggressive gearing process.

Weak balance sheet position with high risk exposure to liabilities relative to equity. Shareholder funds were not adequate to cover all of the firm's obligations.

### EFFECTIVENESS OF RESOURCES

In comparison over the two most recent years, the profitability of the firm experienced a notable decline.

The growth of the firm's total assets was fairly benign during the period. The firm's expansion plans do not appear to be aggressive from asset-based expansion.

The firm's profitability experienced an almost neutral performance compared to previous period when compared against its asset base.

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## OVERALL FINANCIAL STRENGTH RATING

4.8

EXCELLENT	GOOD	MODERATE	LOW
High Financial Strength	Above Average Financial Strength	Average Financial Strength	Low Financial Strength
Greater than or equal to 10, less than or equal to 12	Greater than or equal to 7, less than 10	Greater than or equal to 4, less than 7	Less than 4, greater than or equal to 1

## Business Performance Rating (BPR)

5.7

Sales for the firm had been very neutral and reflected a muted performance. Demand for its goods and services were not apparent. Costs have abated and under control during the period. The cost of generating additional revenue was slightly higher compared to the previous year. Highly limited profit margins were recorded by the firm during the period. The firm experienced very slight increase in profit margins over the period - profit performance appears muted but on a generally upward trend.

## Shareholder Value Rating (SVR)

3.8

The shareholders experienced major constraints to their investments during the period. The valuation of the firm could be eroded significantly because of the decline in ROE. High risk exposure to liabilities relative to equity, contributed to a weak balance sheet position. The firm's valuation is very likely to be adversely affected as a result. There was a notable decline in the firm's overall profitability compared to the previous period. Profit levels remained modest relative to sales. May not be adequately attractive for shareholders who may demand for higher margins.

## Risk and Liabilities Rating (RLR)

4.0

Fairly low exposure to short-term creditors/financing relative to asset base - appears to have low dependency on short-term facilities to support working capital needs. Weak balance sheet position with high risk exposure to liabilities relative to equity. Shareholder funds were not adequate to cover all of the firm's obligations. The firm registered a faster sales growth than its liability growth during the period. The drive for expansion appeared to be driven by margins and pricing management; rather than aggressive gearing process. There is unlikely to be any movement in the direction of sales for the firm and indicated an indifferent growth position. Little evidence of any demand changes for its goods and services.

## Productivity Rating (PRR)

5.8

The firm's profitability experienced an almost neutral performance compared to previous period when compared against its asset base. The use of the firm's assets had generated limited level of profitability for the business. In comparison over the two most recent years, the profitability of the firm experienced a notable decline. The growth of the firm's total assets was fairly benign during the period. The firm's expansion plans do not appear to be aggressive from asset-based expansion.



Based on Financial Year

2019

**Was the company able to generate higher sales?**

**NO**

Sales Growth -1.3%

This indicates where the firm's topline is growing or not and to find out if there are any structural or cyclical factors affecting it.

**Did sales move faster than cost growth?**

**NO**

Growth Cost/Sales 2.0%

This gives a broad picture if the costs are growing in line with the growth in sales or if the firm is exposed to higher cost structure even if the sales is growing.

**Was the company financially strong generally?**

**NO**

Credit Score 40.1%

The credit score takes into account balance sheet and P&L of the company. A higher score indicates a stronger credit position.

**Was the exposure to liabilities manageable?**

**NO**

Liabilities to Equity 365.4%

This reflects the extent the firm is exposed to fixed obligations versus the capital it has built over the years and whether it has adequate buffer.

**Was the company relying heavily on short-term obligations?**

**NO**

Current Liability Ratio 0.30

Assesses the proportion of total liabilities that are due in the near term. A secondary measure of liquidity as it does not measure the firm's ability to pay for the liabilities.

**Were the shareholders well rewarded by the firm's performance?**

**NO**

Return on Equity 6.46%

This measure relates to how much profits the firm is generating for the company's shareholders; a higher ROE needs to be measured against the risks it is taking.

**Were the profit levels growing?**

**NO**

Pre-Tax Profit -54.2%

A company that is showing consistent earnings growth indicates a positive outlook. A company that shows negative growth may indicate tougher times ahead.

**Were the assets generating profits?**

**YES**

Return on Asset 1.3%

This is a measure of how well the firm is utilising its assets to generate profits for the firm. A productive asset backed by a cost-efficient operation is a good indicator of a well-run firm.

# CFO ACTION PLANS (I)



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## PART ONE (I)

	ROADMAP STATEMENT	ACTION PLAN	CHECK LIST	TARGET DATE
BUSINESS PERFORMANCE REPORT (BPR)	Costs have abated and under control during the period.	<ul style="list-style-type: none"> <li>Compare the cost behaviour against sales and profitability performance.</li> <li>Clarify how sustainable the cost containment will be.</li> <li>Identify trends and drivers in the industry that may affect expenditure levels in the future.</li> </ul>		
SHAREHOLDER VALUE REPORT (SVR)	High risk exposure to liabilities relative to equity, contributed to a weak balance sheet position. The firm's valuation is very likely to be adversely affected as a result.	<ul style="list-style-type: none"> <li>Determine whether the liability in the firm is short-term or long-term and what it is the cost to the firm, to maintain this level of debt in the business.</li> <li>Perform an analysis to determine whether the existing level of debt, is threatening the on-going nature of the firm and assess to what extent its asset-liability management can be improved.</li> <li>Discuss with management on the potential for leveraged recapitalisation or debt restructuring in the business.</li> <li>Perform an analysis to determine whether the existing level of debt is threatening the on-going nature of the firm and assess to what extent its asset-liability management can be improved.</li> <li>Perform an analysis on the long-term debt in the business in terms of purpose, nature and financing costs.</li> </ul>		
RISK AND LIABILITIES REPORT (RLR)	There is unlikely to be any movement in the direction of sales for the firm and indicated an indifferent growth position. Little evidence of any demand changes for its goods and services.	<ul style="list-style-type: none"> <li>Assess the market place for products and services which may be used as a replacement or substitute for the firm's existing products and services.</li> <li>Perform an assessment of the changes in demand for the goods and services, at different varying prices.</li> <li>Identify the individual products which contribute least to the topline and consider removing them from the product range.</li> <li>Perform a price analysis to determine whether there had been any price adjustments which resulted in higher volumes but lower prices.</li> <li>Develop and review a customer/client database and individually assess each customer/client for their potential to the firm.</li> </ul>		
PRODUCTIVITY REPORT (PRR)	In comparison over the two most recent years, the profitability of the firm experienced a notable decline.	<ul style="list-style-type: none"> <li>Perform an analysis of the costs in the business over the two most recent financial years.</li> <li>Perform an assessment of clients contribution to revenues and determine whether any single or significant clients have materially affected the reduced level of sales.</li> <li>Inspect in detail the main and supporting contributors to profits of the firm.</li> <li>Evaluate the profit margins by prices of the various products and/or services over the two most recent financial years.</li> <li>Determine whether the severe decline in profitability was as a result of over reliance on a single client.</li> </ul>		

# CFO ACTION PLANS (II)



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## PART TWO (II)

	ROADMAP STATEMENT	ACTION PLAN	CHECK LIST	TARGET DATE
BUSINESS PERFORMANCE REPORT (BPR)	The firm experienced very slight increase in profit margins over the period - profit performance appears muted but on a generally upward trend.	<ul style="list-style-type: none"> <li>Seek inputs if Management has formulated a business strategy to improve margins for subsequent years.</li> <li>Ascertain if there are going to be any improvements to be made on the business model of the firm.</li> <li>Check if there are concentration of customer base within its revenue mix.</li> <li>Check if there are limited product/service lines that may be less relevant for the changing demographics or settings.</li> </ul>		
SHAREHOLDER VALUE REPORT (SVR)	There was a notable decline in the firm's overall profitability compared to the previous period.	<ul style="list-style-type: none"> <li>Assess the cost structure between the two periods.</li> <li>Evaluate major sources of revenue and detect for any significant withdrawal of major clients during the period.</li> <li>Examine the primary and secondary inputs utilised to generate profits for the firms.</li> <li>Conduct price margin analysis between the two periods.</li> <li>Detect for any concentration risk of clients that resulted in decline in profitability rate.</li> </ul>		
RISK AND LIABILITIES REPORT (RLR)	The firm registered a faster sales growth than its liability growth during the period. The drive for expansion appeared to be driven by margins and pricing management; rather than aggressive gearing process.	<ul style="list-style-type: none"> <li>Evaluate liability trends in past years and compare against revenue.</li> <li>Assess creditor payment policies and drawdown facilities to have better understanding how the firm manages its liabilities.</li> <li>Examine the firm's access to trade finance and long-term financing facilities.</li> <li>Obtain insights on the firm's expansion plans and financing strategies.</li> <li>Ascertain the extent the firm relies on internal financing to expand or manage its working capital needs.</li> </ul>		
PRODUCTIVITY REPORT (PRR)	The growth of the firm's total assets was fairly benign during the period. The firm's expansion plans do not appear to be aggressive from asset-based expansion.	<ul style="list-style-type: none"> <li>Establish management antecedents of the firm's expansion plans if any.</li> <li>Examine the firm's current level of resources in terms of its current assets and how these are being deployed.</li> <li>Evaluate historical trends of asset levels - both for fixed and current levels.</li> <li>Ascertain the use and functions of the asset types that were acquired.</li> </ul>		

# KEY FINANCIAL RATIOS - SUMMARY



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## KEY FINANCIAL DATA

MYR	2019	2018	%Chg
Sales	43,244,554.00	43,821,654.00	-1.3%
Profit Before Tax	759,246.00	1,657,405.00	-54.2%
Profit After Tax	730,048.00	1,490,418.00	-51.0%
Total Asset	54,734,517.00	52,707,262.00	3.8%
Total Liabilities	42,973,655.00	41,821,842.00	2.8%
Current Liabilities	12,726,667.00	13,439,762.00	-5.3%
Shareholder Fund	11,760,862.00	10,885,420.00	8.0%

## PERFORMANCE METRICS

Business Potential Ratios	Company Percentage	Risk & Valuation Ratios	Company Percentage
Rate of Sales Growth	-1.3%	Return on Equity (pre tax)	6.5%
Rate of Cost Growth	0.8%	Total Liabilities-to-Equity Ratio	365.4%
Cost/Sales Growth	2.0%	Profit Before Tax Growth	-54.2%
Profit Margin (after tax)	1.7%	Profit Margin (after tax)	1.7%
Profit Margin Growth	-1.7%	Current Liability Ratio	23.3%
Return On Assets Growth	-1.5%	Total Liabilities-to-Equity Ratio	365.4%
Return on Assets (after tax)	1.3%	Total Liab. Growth vs Sales Growth	4.1%
Profit Before Tax Growth	-54.2%		
Asset Growth	3.8%		

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# FINANCIAL RATIO EXPLANATION



## "BEAR" RATINGS

BLACK (B)	EMERALD (E)	AMBER (A)	RED (R)
High Intrinsic Value	Above Average Intrinsic Value	Average Intrinsic Value	Low Intrinsic Value
Greater than or equal to 10, less than or equal to 12	Greater than or equal to 7, less than 10	Greater than or equal to 4, less than 7	Less than 4, greater than or equal to 1

## DESCRIPTION

## METHODOLOGY

The Financial Scores are the result of conducting the regression analysis of more than 100,000 companies since 1992 and have been validated/back tested against credit downgrades, defaults, corporate actions and significant shifts in the economic cycles: by countries and industry groups.

- Measures sales, expenses and profitability of the business
- Assess suitability for investment purposes
- Evaluates sustainability for generation of future inflows
- Identification of ways to improve current performance

### Business Performance

- Rate of Sales Growth:**  $(\text{Sales (Current year)} - \text{Sales (previous year)}) / \text{Sales (previous year)}$
- Rate of Cost Growth:**  $(\text{Cost (Current year)} - \text{Cost (previous year)}) / \text{Cost (previous year)}$
- Cost/Sales Growth:**  $\text{Cost} / \text{Sales (Current year)} - \text{Cost} / \text{Sales (Previous year)}$
- Profit Margin (After Tax):**  $\text{Profit after Tax} / \text{Sales}$
- Profit Margin Growth:**  $(\text{Profit after tax} / \text{sales (Current year)}) - (\text{Profit after Tax} / \text{Sales (previous year)})$

- Measures Return on Equity, Debt-to-Equity, Profit before Tax Growth, Profit Margin for latest year
- Understand the efficiency and effectiveness of investments
- Indicates how much funds are used for expansion/ secure new markets

### Shareholder Value

- Return on Equity (Pre-tax):**  $\text{Profit before Tax} / \text{Shareholders fund}$
- Total Liabilities-to-Equity Ratio:**  $\text{Total Liabilities} / \text{Shareholder Fund}$
- Profit before Tax Growth:**  $(\text{Profit before Tax (Current year)} - \text{PBT (previous year)}) / \text{Profit before Tax (previous year)}$
- Profit Margin (After Tax):**  $\text{Profit after Tax} / \text{Sales}$

- Measures current liability, liability-to-equity, total liabilities growth and rate of sales growth of the business
- Determines the direction in which the business is heading
- Identify types of financing plans of the business Indicates the level of risk exposure and leverage faced by the business

### Risk and Liabilities

- Current Liabilities Ratio:**  $\text{Current Liabilities} / \text{Total Assets}$
- Total Liabilities-to-Equity Ratio:**  $\text{Total Liabilities} / \text{Shareholder Funds}$
- Total Liabilities Growth vs Sales Growth:**  $((\text{Liabilities (Current year)} - \text{Liabilities (Previous year)}) / \text{Liabilities (Previous year)}) - ((\text{Sales (Current year)} - \text{Sales (Previous year)}) / \text{Sales (Previous Year)})$
- Rate of Sales Growth:**  $(\text{Sales (Current year)} - \text{Sales (previous year)}) / \text{Sales (previous year)}$

- Indicates the performance of assets
- Provides an overview on how the assets are being utilized and liabilities are managed
- Portrays the interrelation between assets efficiency and the profitability of the business

### Productivity

- Return on Assets Growth:**  $(\text{Profit after tax} / \text{Total Assets (current year)}) - (\text{Profit after tax} / \text{Total Assets (previous year)})$
- Return on Assets:**  $\text{Profit after tax} / \text{Total asset}$
- Profit Before Tax Growth:**  $(\text{Profit before tax (current year)} - \text{Profit before tax (previous year)}) / \text{Profit before tax (previous year)}$
- Asset Growth:**  $(\text{Total Assets (Current year)} - \text{Total Assets (previous year)}) / \text{Total Assets (previous year)}$



## PRACTICAL USES

### Business Performance

If you are an investor or thinking of partnering with this company, the factors listed here could assist you in the decision whether to invest in a company or consider partnering with them via joint ventures.

For creditors and debt financiers, you would want to have a good understanding of whether this company's business performance is sustainable to generate future inflows to pay existing and/or future obligations.

### Shareholder Value

Existing and even potential new shareholders should use this report to find out how much the profits are being generated and how these are being achieved.

It is also to gauge the adequacy of returns to shareholders who may come into the firm at different period of time.

Users could have a closer look at how internal reserves are used for expansion, new funds being raised to secure new markets/clients and how much dividends could be paid out to manage its ROE levels.

### Risk and Liabilities

Financiers such as bank and private lenders should use this report under two circumstances:

1. At the point of lending
2. Upon lending, they can get a sense of how the balance sheet risks may evolve based on ascertaining their risk appetite at the onset.

The effects of ascertaining risk appetite usually come at a later stage; and it is a powerful indicator to determine where the firm is heading and how it is going to finance its plans

### Productivity

Financiers with vested interests in the firm are required to know the performance of assets that have been invested by the firm.

The asset structure of the firm is a good indicator of how resourceful or efficient management has been in order to generate profits for the period; and to what extent this has been achieved.

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