

# VALUATION DRIVERS REPORT

## COMPANY INFORMATION

Date of Report: 29 August 2016

Company Name:		UEN Number:	Country:	Contact:
SAMPLE		12345678A	SINGAPORE	Henry Lee
SSIC Code:	Industry:	Latest Financial Year:	Currency:	E-Mail:
N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

## VALUATION DRIVERS

EXCELLENT	GOOD	MODERATE	LOW
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



### Business Potential Analysis 5.9

Sales for the firm had been very neutral and reflected a muted performance. Demand for its goods and services were not apparent. There was a negligible movement in costs for the firm during the period. The cost of generating additional revenue was almost neutral compared to the previous year. Highly limited profit margins were recorded by the firm during the period. Very slight decline in profit margins was experienced whereas company growth has been fairly consistent year on year. The firm's profitability experienced a slightly negative growth 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. The profitability growth experienced by the firm was average, compared to the previous year. Above average growth of the firm's asset base was experienced during the period. It appeared to be in a strong expansionary mode via asset growth.

### Risk & Valuation Analysis 4.7

The shareholders attained below average returns based on their investments during the period. Firm's underlying valuation would likely be subdued during the period. 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 an average profitability growth experienced by the firm, compared to the previous year. Profit levels remained modest relative to sales. May not be adequately attractive for shareholders who may demand for higher margins. Somewhat high reliance of short-term creditors/financing relative to asset base - quite dependent on creditor financing in the short-term. 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 liability growth than its sales growth during the period. The drive for expansion appeared to be driven by aggressive gearing process, rather than margins and pricing management. 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 rating scores published by MyFinB are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of scores issued by MyFinB should not rely on any such scores or other opinion issued by MyFinB in making any investment decision. Scores are based on information received by MyFinB. MyFinB has established policies and procedures to maintain the confidentiality of non-public information received during the scoring process. This report may not be reproduced in whole or in part in any form or manner whatsoever. This report is forwarded to the Subscriber in strict confidence for use by the Subscriber as one factor in connection with rating and other business decisions. The report may contain information compiled from information which MyFinB does not control and which has not been verified unless indicated in this report. Whilst every endeavor is made to ensure that the information provided is updated and correct, MyFinB disclaims any liability for any damage or loss that may be caused as a result of any error or omission arising out of or in any way related to the contents of this report. Certain figures in the financial statements may have been adjusted for analytical classification purposes in accordance with the methodology and research processes.

## KEY FINANCIAL RATIOS

## COMPANY INFORMATION

Date of Report: 29 August 2016

Company Name:		UEN Number:	Country:	Contact:
SAMPLE		12345678A	SINGAPORE	Henry Lee
SSIC Code:	Industry:	Latest Financial Year:	Currency:	E-Mail:
N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

## KEY FINANCIAL DATA

SGD	31/08/2015	31/08/2014	%Chg
Sales	8,107,078.00	8,205,666.00	-1.2%
Profit Before Tax	(39,063.00)	(43,647.00)	10.5%
Profit After Tax	(82,895.00)	(35,145.00)	-135.9%
Total Asset	6,075,457.00	5,227,204.00	16.2%
Total Liabilities	4,248,416.00	3,317,268.00	28.1%
Current Liabilities	2,938,292.00	3,039,976.00	-3.3%
Shareholder Fund	1,827,041.00	1,909,936.00	-4.3%

## PERFORMANCE METRICS

Business Potential Ratios	Company Percentage	Risk & Valuation Ratios	Company Percentage
Rate of Sales Growth	-1.2%	Return on Equity (pre tax)	-2.1%
Rate of Cost Growth	-1.3%	Total Liabilities-to-Equity Ratio	232.5%
Cost/Sales Growth	-0.1%	Profit Before Tax Growth	10.5%
Profit Margin (after tax)	-1.0%	Profit Margin (after tax)	-1.0%
Profit Margin Growth	-0.6%	Current Liabilities Ratio	48.4%
Return On Assets Growth	-0.7%	Total Liab. Growth vs Sales Growth	29.3%
Return on Assets (after tax)	-1.4%	Rate of Sales Growth	-1.2%
Profit Before Tax Growth	10.5%		
Asset Growth	16.2%		

The rating scores published by MyFinB are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of scores issued by MyFinB should not rely on any such scores or other opinion issued by MyFinB in making any investment decision. Scores are based on information received by MyFinB. MyFinB has established policies and procedures to maintain the confidentiality of non-public information received during the scoring process. This report may not be reproduced in whole or in part in any form or manner whatsoever. This report is forwarded to the Subscriber in strict confidence for use by the Subscriber as one factor in connection with rating and other business decisions. The report may contain information compiled from information which MyFinB does not control and which has not been verified unless indicated in this report. Whilst every endeavor is made to ensure that the information provided is updated and correct, MyFinB disclaims any liability for any damage or loss that may be caused as a result of any error or omission arising out of or in any way related to the contents of this report. Certain figures in the financial statements may have been adjusted for analytical classification purposes in accordance with the methodology and research processes.

# SENSITIVITY ANALYSIS

## COMPANY INFORMATION

Date of Report: 29 August 2016

Company Name:		UEN Number:	Country:	Contact:
SAMPLE		12345678A	SINGAPORE	Henry Lee
SSIC Code:	Industry:	Latest Financial Year:	Currency:	E-Mail:
N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

## SENSITIVITY RATING

5.3

ROBUST	INTACT	MODERATE RISK	HIGHLY SUSCEPTIBLE
High ability to withstand balance sheet stressors	Reasonably good ability to withstand balance sheet stressors	Somewhat vulnerable to short term adverse changes in financial & economic conditions	Highly susceptible to even small changes in financial variables
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

## WHAT-IF ANALYSIS

IMPACT ON PROFIT MARGIN		Total Sales Changed By								
		10.0%	7.5%	5.0%	2.5%	0.0%	-2.5%	-5.0%	-7.5%	-10.0%
Total Costs Changed By	-10.0%	25.5%	22.3%	19.1%	16.1%	13.2%	10.4%	7.8%	5.3%	2.9%
	-7.5%	22.9%	19.7%	16.6%	13.6%	10.8%	8.1%	5.5%	3.1%	0.7%
	-5.0%	20.2%	17.1%	14.1%	11.2%	8.4%	5.7%	3.2%	0.8%	-1.4%
	-2.5%	17.6%	14.5%	11.5%	8.7%	6.0%	3.4%	0.9%	-1.4%	-3.6%
	0.0%	14.9%	11.9%	9.0%	6.2%	3.6%	1.0%	-1.4%	-3.6%	-5.8%
	2.5%	12.3%	9.3%	6.5%	3.8%	1.2%	-1.3%	-3.6%	-5.9%	-8.0%
	5.0%	9.6%	6.7%	3.9%	1.3%	-1.2%	-3.7%	-5.9%	-8.1%	-10.1%
	7.5%	7.0%	4.1%	1.4%	-1.2%	-3.7%	-6.0%	-8.2%	-10.3%	-12.3%
	10.0%	4.3%	1.5%	-1.1%	-3.7%	-6.1%	-8.4%	-10.5%	-12.6%	-14.5%

## RATING SHIFTS ANALYSIS

Rating Improvement Schedule for Business Potential	Current	1 Notch	2 Notches	3 Notches
	5.9	6.9	7.9	8.9
Rate of Sales Growth	-1.2%	0.8%	4.4%	8.7%
Rate of Cost Growth	-1.3%	-2.6%	-8.2%	-17.6%
Cost/Sales Growth	-0.1%	-0.4%	-1.3%	-1.6%
Profit Margin (after tax)	-1.0%	-0.3%	0.1%	1.1%
Profit Margin Growth	-0.6%	1.3%	2.7%	10.0%
Return On Assets Growth	-0.7%	-0.5%	0.1%	13.1%
Return on Assets (after tax)	-1.4%	6.7%	10.9%	13.1%
Profit Before Tax Growth	10.5%	23.9%	42.4%	63.2%
Asset Growth	16.2%	16.7%	20.7%	27.4%

  

Rating Improvement Schedule for Risk & Valuation	Current	1 Notch	2 Notches	3 Notches
	4.7	5.7	6.7	7.7
Return on Equity (pre tax)	-2.1%	0.6%	19.1%	21.0%
Total Liabilities-to-Equity Ratio	232.5%	172.0%	126.6%	93.9%
Profit Before Tax Growth	10.5%	23.9%	42.4%	63.2%
Profit Margin (after tax)	-1.0%	2.7%	10.0%	16.5%
Current Liabilities Ratio	48.4%	44.8%	34.6%	27.2%
Total Liab. Growth vs Sales Growth	29.3%	3.4%	-4.2%	-5.2%
Rate of Sales Growth	-1.2%	0.8%	4.4%	8.7%

The rating scores published by MyFinB are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of scores issued by MyFinB should not rely on any such scores or other opinion issued by MyFinB in making any investment decision. Scores are based on information received by MyFinB. MyFinB has established policies and procedures to maintain the confidentiality of non-public information received during the scoring process. This report may not be reproduced in whole or in part in any form or manner whatsoever. This report is forwarded to the Subscriber in strict confidence for use by the Subscriber as one factor in connection with rating and other business decisions. The report may contain information compiled from information which MyFinB does not control and which has not been verified unless indicated in this report. Whilst every endeavor is made to ensure that the information provided is updated and correct, MyFinB disclaims any liability for any damage or loss that may be caused as a result of any error or omission arising out of or in any way related to the contents of this report. Certain figures in the financial statements may have been adjusted for analytical classification purposes in accordance with the methodology and research processes.

## STRATEGIC FOCUS AREAS

## COMPANY INFORMATION

Date of Report: 29 August 2016

Company Name:		UEN Number:	Country:	Contact:
SAMPLE		12345678A	SINGAPORE	Henry Lee
SSIC Code:	Industry:	Latest Financial Year:	Currency:	E-Mail:
N.A.	Real Estate	31/12/2015	SGD	Henry.tan@gmail.com

## TOP ISSUES TO BE ADDRESSED

ISSUES	ACTION PLAN
1 Very slight decline in profit margins was experienced whereas company growth has been fairly consistent year on year.	<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>
2 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> </ul>
3 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 ongoing 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 ongoing nature of the firm and assess to what extent its asset-liability management can be improved.</li> </ul>
4 The profitability growth experienced by the firm was average, compared to the previous year.	<ul style="list-style-type: none"> <li>Examine to what extent price margins or debt acquisition was responsible for the increased level of profits.</li> <li>Assess to what extent was the increase in profitability, generated by increased risks undertaken by the firm.</li> <li>Analyse whether the profitability growth experienced by the firm is sustainable, or whether it was more of a short term improvement.</li> <li>Determine whether the increased level of profitability growth was a result of a single client / contract.</li> </ul>

The rating scores published by MyFinB are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of scores issued by MyFinB should not rely on any such scores or other opinion issued by MyFinB in making any investment decision. Scores are based on information received by MyFinB. MyFinB has established policies and procedures to maintain the confidentiality of non-public information received during the scoring process. This report may not be reproduced in whole or in part in any form or manner whatsoever. This report is forwarded to the Subscriber in strict confidence for use by the Subscriber as one factor in connection with rating and other business decisions. The report may contain information compiled from information which MyFinB does not control and which has not been verified unless indicated in this report. Whilst every endeavor is made to ensure that the information provided is updated and correct, MyFinB disclaims any liability for any damage or loss that may be caused as a result of any error or omission arising out of or in any way related to the contents of this report. Certain figures in the financial statements may have been adjusted for analytical classification purposes in accordance with the methodology and research processes.