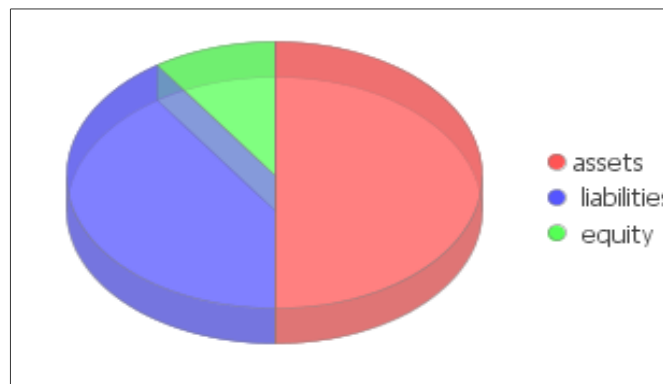


## Ratio Analysis

Values in grey cells are automatically calculated using predefined formula, no alterations required.

| Line Item               | Beginning of Year |
|-------------------------|-------------------|
| Inventory               | \$12,500          |
| Total assets            | \$120,000         |
| Owners' equity          | \$29,000          |
| Number of common shares | 25,000            |



| Line Item                          | Q1      | Q2      | Q3      | Q4      | Annual    |
|------------------------------------|---------|---------|---------|---------|-----------|
| Current assets                     | 45,000  | 46,000  | 46,500  | 56,000  | \$56,000  |
| Fixed assets                       | 80,000  | 80,000  | 80,000  | 80,000  | \$80,000  |
| Total assets                       | 125,000 | 126,000 | 126,500 | 136,000 | \$136,000 |
| Average total assets               | 122,500 | 123,000 | 123,250 | 128,000 | \$128,000 |
| Cash and cash equivalents          | 15,000  | 18,000  | 16,500  | 14,350  | \$14,350  |
| Inventory                          | 15,000  | 18,000  | 16,500  | 14,350  | \$14,350  |
| Average inventory                  | 13,750  | 15,250  | 14,500  | 13,425  | \$13,425  |
| Current liabilities                | 23,000  | 25,000  | 22,500  | 25,600  | \$25,600  |
| Total liabilities                  | 125,000 | 125,000 | 125,000 | 110,000 | \$110,000 |
| Owners' equity                     | 28,000  | 30,900  | 32,000  | 26,000  | \$26,000  |
| Number of common shares            | 25,000  | 25,000  | 25,000  | 25,000  | 25,000    |
| Average number of common shares    | 25,000  | 25,000  | 25,000  | 25,000  | 25,000    |
| Average owners' equity             | 28,500  | 29,950  | 30,500  | 27,500  | \$27,500  |
| Market price per share             | 10.00   | 10.00   | 10.00   | 10.00   | \$10.00   |
| Cash flow                          | 175,000 | 186,000 | 169,000 | 155,000 | \$685,000 |
| Cash flow per share                | 7.00    | 7.44    | 6.76    | 6.20    | \$27.40   |
| Dividends paid                     | 5,000   | 5,000   | 5,000   | 5,000   | \$20,000  |
| Total sales                        | 145,000 | 156,000 | 135,600 | 125,000 | \$561,600 |
| Operating expenses                 | 68,000  | 68,000  | 68,000  | 68,000  | \$272,000 |
| Operating income                   | 77,000  | 88,000  | 67,600  | 57,000  | \$289,600 |
| Advertising expense                | 18,000  | 18,000  | 18,000  | 18,000  | \$72,000  |
| Marketing expense                  | 11,000  | 11,000  | 11,000  | 11,000  | \$44,000  |
| Earnings before interest and taxes | 132,000 | 127,000 | 114,500 | 98,000  | \$471,500 |
| Interest expense                   | 24,000  | 24,000  | 24,000  | 24,000  | \$96,000  |
| Net income                         | 89,000  | 87,000  | 95,000  | 65,000  | \$336,000 |
| Total loan                         | 25,000  | 24,000  | 23,000  | 22,000  | \$22,000  |
| Value of collateral or property    | 65,000  | 65,000  | 65,000  | 65,000  | \$65,000  |





|   |                                     |                                     |                        |
|---|-------------------------------------|-------------------------------------|------------------------|
| Industry Average<br>Variance<br>Quarterly Growth/Decline                                    | 2.00<br>(1.88)                      | 2.00<br>(1.88)<br>(0.01)            | 2.00<br>(1.87)<br>0.02 |
| Marketing Expense = $\frac{\text{Marketing Expense}}{\text{Total Sales}}$<br>to Sales Ratio | 0.08 = $\frac{\$11,000}{\$145,000}$ | 0.07 = $\frac{\$11,000}{\$156,000}$ | 0.08 =                 |
| Industry Average<br>Variance<br>Quarterly Growth/Decline                                    | 2.00<br>(1.92)                      | 2.00<br>(1.93)<br>(0.01)            | 2.00<br>(1.92)<br>0.01 |

| Q3                                      | Q4   | Annual   |
|---|--|--|
| $\frac{\$46,500}{\$22,500}$             | 2.19 = $\frac{\$56,000}{\$25,600}$<br>2.00<br>0.19<br>0.12               | 2.19 = $\frac{\$56,000}{\$25,600}$<br>2.00<br>0.19               |
| $\frac{\$46,500 - \$16,500}{\$22,500}$  | 1.63 = $\frac{\$56,000 - \$14,350}{\$25,600}$<br>7.20<br>(5.57)<br>0.29  | 1.63 = $\frac{\$56,000 - \$14,350}{\$25,600}$<br>2.00<br>(0.37)  |
| $\frac{\$46,500 - \$22,500}{\$126,500}$ | 0.22 = $\frac{\$56,000 - \$25,600}{\$136,000}$<br>2.00<br>(1.78)<br>0.03 | 0.22 = $\frac{\$56,000 - \$25,600}{\$136,000}$<br>2.00<br>(1.78) |
| $\frac{\$22,500}{\$16,500}$             | 1.78 = $\frac{\$25,600}{\$14,350}$<br>2.00<br>(0.22)<br>0.42             | 1.78 = $\frac{\$25,600}{\$14,350}$<br>2.00<br>(0.22)             |
| $\frac{\$16,500}{\$22,500}$             | 0.56 = $\frac{\$14,350}{\$25,600}$<br>2.00<br>(1.44)<br>(0.17)           | 0.56 = $\frac{\$14,350}{\$25,600}$<br>2.00<br>(1.44)             |
| $\frac{\$68,000}{\$67,600}$             | 1.19 = $\frac{\$68,000}{\$57,000}$<br>2.00<br>(0.81)<br>0.19             | 0.94 = $\frac{\$272,000}{\$289,600}$<br>2.00<br>(1.06)           |
| $\frac{\$18,000}{\$135,600}$            | 0.14 = $\frac{\$18,000}{\$125,000}$                                      | 0.13 = $\frac{\$72,000}{\$561,600}$                              |

2.00  
(1.86)  
0.01

2.00  
(1.87)

$$\frac{\$11,000}{\$135,600}$$

$$0.09 = \frac{\$11,000}{\$125,000}$$

$$0.08 = \frac{\$44,000}{\$561,600}$$

2.00  
(1.91)  
0.01

2.00  
(1.92)

# Ratio Analysis

| Asset Ratios                |   | Q1  |  | Q2     |   | Q3                            |       | Q4     |                               |        |   |                               |      |   |
|-----------------------------|---|---|--|--------|---|-------------------------------|-------|--------|-------------------------------|--------|---|-------------------------------|------|---|
| Definition:                 |   |   |  |        |   |                               |       |        |                               |        |   |                               |      |   |
| Inventory Turnover Ratio    | = | $\frac{\text{Total Sales}}{\text{Average Inventory}}$ |  | 10.55  | = | $\frac{\$145,000}{\$13,750}$  | 10.23 | =      | $\frac{\$156,000}{\$15,250}$  | 9.35   | = | $\frac{\$135,600}{\$14,500}$  | 9.31 | = |
| Industry Average            |   | 6.00  |  | 6.00   |   | 6.00                          |       | 6.00   |                               | 6.00   |   | 6.00                          |      |   |
| Variance                    |   | 4.55  |  | 4.23   |   | (0.32)                        |       | 3.35   |                               | (0.88) |   | 3.31                          |      |   |
| Quarter Growth/Decline      |   |   |  |        |   |                               |       |        |                               |        |   |                               |      |   |
| Fixed Assets Turnover Ratio | = | $\frac{\text{Total Sales}}{\text{Fixed Assets}}$      |  | 1.81   | = | $\frac{\$145,000}{\$80,000}$  | 1.95  | =      | $\frac{\$156,000}{\$80,000}$  | 1.70   | = | $\frac{\$135,600}{\$80,000}$  | 1.56 | = |
| Industry Average            |   | 2.00  |  | 2.00   |   | 2.00                          |       | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                    |   | (0.19)  |  | (0.05) |   | 0.14                          |       | (0.31) |                               | (0.26) |   | (0.44)                        |      |   |
| Quarter Growth/Decline      |   |   |  |        |   |                               |       |        |                               |        |   |                               |      |   |
| Total Assets Ratio          | = | $\frac{\text{Total Sales}}{\text{Total Assets}}$      |  | 1.16   | = | $\frac{\$145,000}{\$125,000}$ | 1.24  | =      | $\frac{\$156,000}{\$126,000}$ | 1.07   | = | $\frac{\$135,600}{\$126,500}$ | 0.92 | = |
| Industry Average            |   | 2.00  |  | 2.00   |   | 2.00                          |       | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                    |   | (0.84)  |  | (0.76) |   | 0.08                          |       | (0.93) |                               | (0.17) |   | (1.08)                        |      |   |
| Quarter Growth/Decline      |   |   |  |        |   |                               |       |        |                               |        |   |                               |      |   |
| Asset to Equity Ratio       | = | $\frac{\text{Total Assets}}{\text{Owners' Equity}}$   |  | 4.46   | = | $\frac{\$125,000}{\$28,000}$  | 4.08  | =      | $\frac{\$126,000}{\$30,900}$  | 3.95   | = | $\frac{\$126,500}{\$32,000}$  | 5.23 | = |
| Industry Average            |   | 2.00  |  | 2.00   |   | 2.00                          |       | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                    |   | 2.46  |  | 2.08   |   | (0.39)                        |       | 1.95   |                               | (0.12) |   | 3.23                          |      |   |
| Quarter Growth/Decline      |   |   |  |        |   |                               |       |        |                               |        |   |                               |      |   |

Annual

|                               |       |   |                               |
|-------------------------------|-------|---|-------------------------------|
| $\frac{\$125,000}{\$13,425}$  | 41.83 | = | $\frac{\$561,600}{\$13,425}$  |
|                               | 2.00  |   |                               |
|                               | 39.83 |   |                               |
| $\frac{\$125,000}{\$80,000}$  | 7.02  | = | $\frac{\$561,600}{\$80,000}$  |
|                               | 2.00  |   |                               |
|                               | 5.02  |   |                               |
| $\frac{\$125,000}{\$136,000}$ | 4.13  | = | $\frac{\$561,600}{\$136,000}$ |
|                               | 2.00  |   |                               |
|                               | 2.13  |   |                               |
| $\frac{\$136,000}{\$26,000}$  | 5.23  | = | $\frac{\$136,000}{\$26,000}$  |
|                               | 2.00  |   |                               |
|                               | 3.23  |   |                               |



# Ratio Analysis

| Profitability Ratios       |   | Q1  |  | Q2     |   | Q3                            |      | Q4     |                               |        |   |                               |      |   |
|----------------------------|---|---|--|--------|---|-------------------------------|------|--------|-------------------------------|--------|---|-------------------------------|------|---|
| Definition:                |   |   |  |        |   |                               |      |        |                               |        |   |                               |      |   |
| Return on Assets Ratio     | = | $\frac{\text{Net Income}}{\text{Average Total Assets}}$                 |  | 0.73   | = | $\frac{\$89,000}{\$122,500}$  | 0.71 | =      | $\frac{\$87,000}{\$123,000}$  | 0.77   | = | $\frac{\$95,000}{\$123,250}$  | 0.51 | = |
| Industry Average           |   | 2.00  |  | 2.00   |   | 2.00                          |      | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                   |   | (1.27)  |  | (1.29) |   | (1.23)                        |      | (1.23) |                               | (0.06) |   | (1.49)                        |      |   |
| Quarter Growth/Decline     |   |   |  | (0.02) |   |                               |      | 0.06   |                               |        |   | (0.26)                        |      |   |
| Return on Equity Ratio     | = | $\frac{\text{Net Income}}{\text{Average Owners' Equity}}$               |  | 3.12   | = | $\frac{\$89,000}{\$28,500}$   | 2.90 | =      | $\frac{\$87,000}{\$29,950}$   | 3.11   | = | $\frac{\$95,000}{\$30,500}$   | 2.36 | = |
| Industry Average           |   | 2.00  |  | 2.00   |   | 2.00                          |      | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                   |   | 1.12  |  | 0.90   |   | 1.11                          |      | 1.11   |                               | 0.21   |   | 0.36                          |      |   |
| Quarter Growth/Decline     |   |   |  | (0.22) |   |                               |      | 0.21   |                               |        |   | (0.75)                        |      |   |
| Profit Margin Ratio        | = | $\frac{\text{Net Income}}{\text{Total Sales}}$                          |  | 0.61   | = | $\frac{\$89,000}{\$145,000}$  | 0.56 | =      | $\frac{\$87,000}{\$156,000}$  | 0.70   | = | $\frac{\$95,000}{\$135,600}$  | 0.52 | = |
| Industry Average           |   | 2.00  |  | 2.00   |   | 2.00                          |      | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                   |   | (1.39)  |  | (1.44) |   | (1.30)                        |      | (1.30) |                               | 0.14   |   | (1.48)                        |      |   |
| Quarter Growth/Decline     |   |   |  | (0.06) |   |                               |      | 0.14   |                               |        |   | (0.18)                        |      |   |
| Basic Earnings Power Ratio | = | $\frac{\text{Earnings Before Interest and Taxes}}{\text{Total Assets}}$ |  | 1.06   | = | $\frac{\$132,000}{\$125,000}$ | 1.01 | =      | $\frac{\$127,000}{\$126,000}$ | 0.91   | = | $\frac{\$114,500}{\$126,500}$ | 0.72 | = |
| Industry Average           |   | 2.00  |  | 2.00   |   | 2.00                          |      | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                   |   | (0.94)  |  | (0.99) |   | (1.09)                        |      | (1.09) |                               | (0.10) |   | (1.28)                        |      |   |
| Quarter Growth/Decline     |   |   |  | (0.05) |   |                               |      | (0.10) |                               |        |   | (0.18)                        |      |   |
| Earnings per Share         | = | $\frac{\text{Net Income}}{\text{Average Number of Common Shares}}$      |  | 3.56   | = | $\frac{\$89,000}{\$25,000}$   | 3.48 | =      | $\frac{\$87,000}{\$25,000}$   | 3.80   | = | $\frac{\$95,000}{\$25,000}$   | 2.60 | = |
| Industry Average           |   | 2.00  |  | 2.00   |   | 2.00                          |      | 2.00   |                               | 2.00   |   | 2.00                          |      |   |
| Variance                   |   | 1.56  |  | 1.48   |   | 1.80                          |      | 1.80   |                               | 0.32   |   | 0.60                          |      |   |
| Quarter Growth/Decline     |   |   |  | (0.08) |   |                               |      | 0.32   |                               |        |   | (1.20)                        |      |   |





Annual

|                              |        |   |                               |
|------------------------------|--------|---|-------------------------------|
| $\frac{\$65,000}{\$128,000}$ | 2.63   | = | $\frac{\$336,000}{\$128,000}$ |
|                              | 2.00   |   |                               |
|                              | 0.63   |   |                               |
| $\frac{\$65,000}{\$27,500}$  | 12.22  | = | $\frac{\$336,000}{\$27,500}$  |
|                              | 2.00   |   |                               |
|                              | 10.22  |   |                               |
| $\frac{\$65,000}{\$125,000}$ | 0.60   | = | $\frac{\$336,000}{\$561,600}$ |
|                              | 2.00   |   |                               |
|                              | (1.40) |   |                               |
| $\frac{\$98,000}{\$136,000}$ | 3.47   | = | $\frac{\$471,500}{\$136,000}$ |
|                              | 2.00   |   |                               |
|                              | 1.47   |   |                               |
| $\frac{\$65,000}{\$25,000}$  | 13.44  | = | $\frac{\$336,000}{\$25,000}$  |
|                              | 2.00   |   |                               |
|                              | 11.44  |   |                               |





# Ratio Analysis

| Debt Ratios             |   | Q1                                   |                                      | Q2                                   |        | Q3 |  |
|-------------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------|----|--|
| Definition:             |   |                                      |                                      |                                      |        |    |  |
| Total Debt Ratio        | = $\frac{\text{Total Liabilities}}{\text{Total Assets}}$                      | 1.00 = $\frac{\$125,000}{\$125,000}$ | 0.99 = $\frac{\$125,000}{\$126,000}$ | 0.99 = $\frac{\$125,000}{\$126,500}$ | 0.81   |    |  |
| Industry Average        |   | 2.00                                 | 2.00                                 | 2.00                                 | 2.00   |    |  |
| Variance                |   | (1.00)                               | (1.01)                               | (1.01)                               | (1.19) |    |  |
| Quarter Growth/Decline  |   |                                      | (0.01)                               | (0.00)                               | (0.18) |    |  |
| Interest Coverage Ratio | = $\frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Expense}}$ | 5.50 = $\frac{\$132,000}{\$24,000}$  | 5.29 = $\frac{\$127,000}{\$24,000}$  | 4.77 = $\frac{\$114,500}{\$24,000}$  | 4.08   |    |  |
| Industry Average        |   | 2.00                                 | 2.00                                 | 2.00                                 | 2.00   |    |  |
| Variance                |   | 3.50                                 | 3.29                                 | 2.77                                 | 2.08   |    |  |
| Quarter Growth/Decline  |   |                                      | (0.21)                               | (0.52)                               | (0.69) |    |  |
| Debt/Equity Ratio       | = $\frac{\text{Total Liabilities}}{\text{Owners' Equity}}$                    | 4.46 = $\frac{\$125,000}{\$28,000}$  | 4.05 = $\frac{\$125,000}{\$30,900}$  | 3.91 = $\frac{\$125,000}{\$32,000}$  | 4.23   |    |  |
| Industry Average        |   | 2.00                                 | 2.00                                 | 2.00                                 | 2.00   |    |  |
| Variance                |   | 2.46                                 | 2.05                                 | 1.91                                 | 2.23   |    |  |
| Quarter Growth/Decline  |   |                                      | (0.42)                               | (0.14)                               | 0.32   |    |  |
| Loan to Value Ratio     | = $\frac{\text{Total Loan}}{\text{Value of Collateral or Property}}$          | 0.38 = $\frac{\$25,000}{\$65,000}$   | 0.37 = $\frac{\$24,000}{\$65,000}$   | 0.35 = $\frac{\$23,000}{\$65,000}$   | 0.34   |    |  |
| Industry Average        |   | 2.00                                 | 2.00                                 | 2.00                                 | 2.00   |    |  |
| Variance                |   | (1.62)                               | (1.63)                               | (1.65)                               | (1.66) |    |  |
| Quarter Growth/Decline  |   |                                      | (0.02)                               | (0.02)                               | (0.02) |    |  |

| Q4                              | Annual                 |                                 |
|---------------------------------|------------------------|---------------------------------|
| $= \frac{\$110,000}{\$136,000}$ | 0.81<br>2.00<br>(1.19) | $= \frac{\$110,000}{\$136,000}$ |
| $= \frac{\$98,000}{\$24,000}$   | 4.91<br>2.00<br>2.91   | $= \frac{\$471,500}{\$96,000}$  |
| $= \frac{\$110,000}{\$26,000}$  | 4.23<br>2.00<br>2.23   | $= \frac{\$110,000}{\$26,000}$  |
| $= \frac{\$22,000}{\$65,000}$   | 0.34<br>2.00<br>(1.66) | $= \frac{\$22,000}{\$65,000}$   |



# Ratio Analysis

| Market Ratios                  |   | Q1   |  | Q2     |   | Q3                         |        | Q4     |                            |        |   |                            |        |   |
|--------------------------------|---|--|--|--------|---|----------------------------|--------|--------|----------------------------|--------|---|----------------------------|--------|---|
| Definition:                    |   |  |  |        |   |                            |        |        |                            |        |   |                            |        |   |
| Earnings per Share (EPS) Ratio | = | $\frac{\text{Net Income}}{\text{Average Number of Common Shares}}$ |  | \$3.56 | = | $\frac{\$89,000}{25,000}$  | \$3.48 | =      | $\frac{\$87,000}{25,000}$  | \$3.80 | = | $\frac{\$95,000}{25,000}$  | \$2.60 | = |
| Industry Average               |   | 2.00   |  | 2.00   |   | 2.00                       |        | 2.00   |                            | 2.00   |   | 2.00                       |        |   |
| Variance                       |   | 1.56   |  | 1.48   |   | (0.08)                     |        | 1.80   |                            | 0.32   |   | 0.60                       |        |   |
| Quarter Growth/Declir          |   |  |  |        |   |                            |        |        |                            |        |   |                            |        |   |
| Price to Earnings              | = | $\frac{\text{Market Price per Share}}{\text{Earnings per Share}}$  |  | 2.81   | = | $\frac{\$10.00}{\$3.56}$   | 2.87   | =      | $\frac{\$10.00}{\$3.48}$   | 2.63   | = | $\frac{\$10.00}{\$3.80}$   | 3.85   | = |
| Industry Average               |   | 2.00   |  | 2.00   |   | 2.00                       |        | 2.00   |                            | 2.00   |   | 2.00                       |        |   |
| Variance                       |   | 0.81   |  | 0.87   |   | 0.06                       |        | 0.63   |                            | (0.24) |   | 1.85                       |        |   |
| Quarter Growth/Declir          |   |  |  |        |   |                            |        |        |                            |        |   |                            |        |   |
| Price to Cash Flow Ratio       | = | $\frac{\text{Market Price per Share}}{\text{Cash Flow per Share}}$ |  | 1.43   | = | $\frac{\$10.00}{\$7.00}$   | 1.34   | =      | $\frac{\$10.00}{\$7.44}$   | 1.48   | = | $\frac{\$10.00}{\$6.76}$   | 1.61   | = |
| Industry Average               |   | 2.00   |  | 2.00   |   | 2.00                       |        | 2.00   |                            | 2.00   |   | 2.00                       |        |   |
| Variance                       |   | (0.57)   |  | (0.66) |   | (0.08)                     |        | (0.52) |                            | 0.14   |   | (0.39)                     |        |   |
| Quarter Growth/Declir          |   |  |  |        |   |                            |        |        |                            |        |   |                            |        |   |
| Payout Ratio                   | = | $\frac{\text{Dividends Paid}}{\text{Net Income}}$                  |  | 0.06   | = | $\frac{\$5,000}{\$89,000}$ | 0.06   | =      | $\frac{\$5,000}{\$87,000}$ | 0.05   | = | $\frac{\$5,000}{\$95,000}$ | 0.08   | = |
| Industry Average               |   | 2.00   |  | 2.00   |   | 2.00                       |        | 2.00   |                            | 2.00   |   | 2.00                       |        |   |
| Variance                       |   | (1.94)   |  | (1.94) |   | 0.00                       |        | (1.95) |                            | (0.00) |   | (1.92)                     |        |   |
| Quarter Growth/Declir          |   |  |  |        |   |                            |        |        |                            |        |   |                            |        |   |

Annual

|                            |           |   |                              |
|----------------------------|-----------|---|------------------------------|
| $\frac{\$65,000}{25,000}$  | $\$13.44$ | = | $\frac{\$336,000}{25,000}$   |
|                            | 2.00      |   |                              |
|                            | 11.44     |   |                              |
| $\frac{\$10.00}{\$2.60}$   | 0.74      | = | $\frac{\$10.00}{\$13.44}$    |
|                            | 2.00      |   |                              |
|                            | (1.26)    |   |                              |
| $\frac{\$10.00}{\$6.20}$   | 0.36      | = | $\frac{\$10.00}{\$27.40}$    |
|                            | 2.00      |   |                              |
|                            | (1.64)    |   |                              |
| $\frac{\$5,000}{\$65,000}$ | 0.06      | = | $\frac{\$20,000}{\$336,000}$ |
|                            | 2.00      |   |                              |
|                            | (1.94)    |   |                              |