Performance Review

For the period ending 12/31/2009

Provided By

BizScore

What's Your Business Worth?

www.BizScoreValuation.com

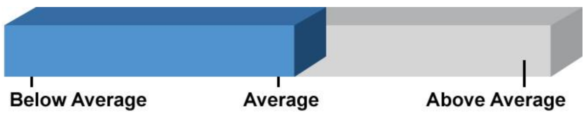
919-846-4747
bizscore@gmail.com

FINANCIAL REPORT

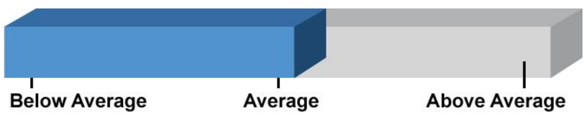
This report is designed to assist you in your business' development. Below you will find your overall ranking, business snapshot and narrative write-up.

Snapshot of:	**Dentist Sample**
Industry:	62121 - Offices of Dentists
Revenue:	$1M - $10M
Periods:	12 months against the same 12 months from the previous year

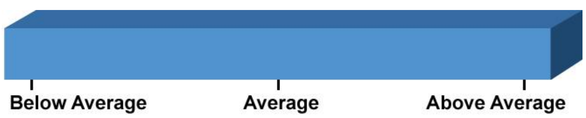
Financial Score for Dentist Sample



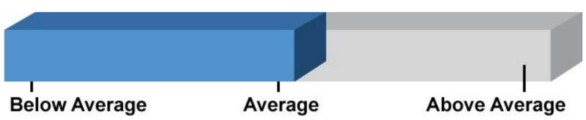
LIQUIDITY -
A measure of the company's ability to meet obligations as they come due.



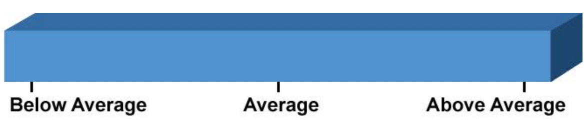
PROFITS & PROFIT MARGIN -
A measure of whether the trends in profit are favorable for the company.



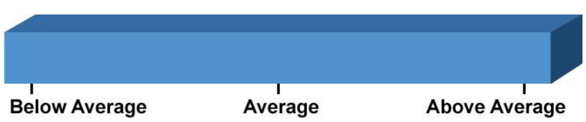
SALES -
A measure of how sales are growing and whether the sales are satisfactory for the company.



BORROWING -
A measure of how responsibly the company is borrowing and how effectively it is managing debt.



ASSETS -
A measure of how effectively the company is utilizing its gross fixed assets.

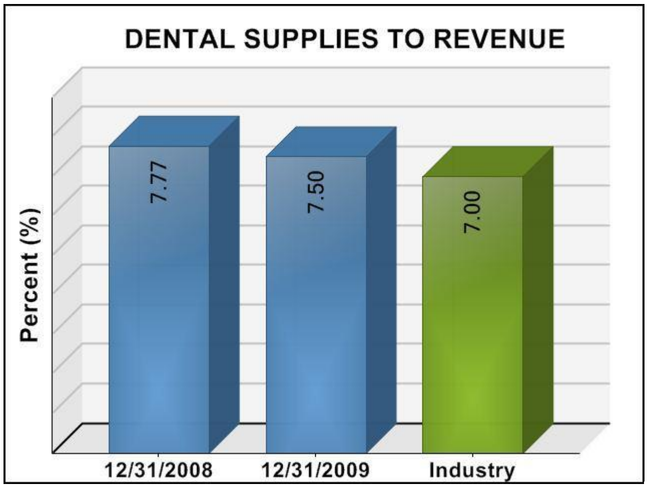


EMPLOYEES -
A measure of how effectively the company is hiring and managing its employees.

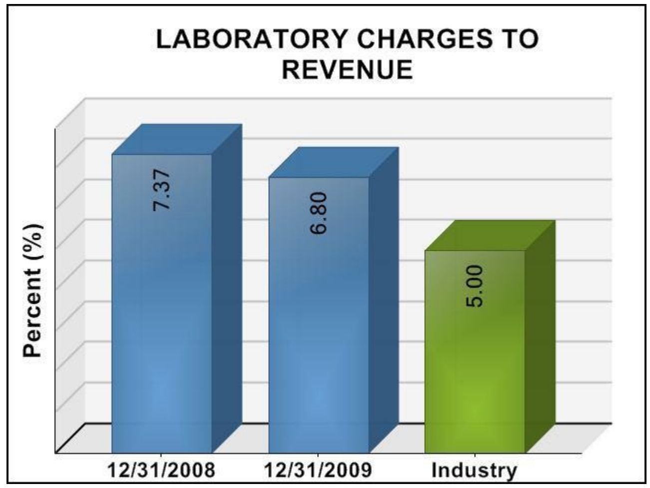
INDUSTRY-SPECIFIC PERFORMANCE RATIOS

What are the Key Performance Indicators for the business?

This section of the report provides **Key Performance Indicators** (or KPIs) for the business being analyzed. A KPI can be either a financial or a non-financial metric, but it is typically a number or ratio that is easily obtained and tracked by the business as an early indicator of how well it is performing. The ratio calculations, graphs, and benchmarks displayed below are specific to the particular industry this business operates in. Tracking these KPIs over time as a trend and also as they relate to the industry comparison benchmark can help lead to more effective management of the business, although it is important to be aware that a KPI may be more of a rough measure of effectiveness than a precise indicator.



Dental Supplies to Revenue = Dental Supplies / Sales

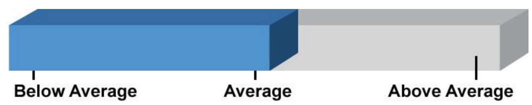


Laboratory Charges to Revenue = Laboratory Charges / Sales

Financial Analysis for Dentist Sample

LIQUIDITY

A measure of the company's ability to meet obligations as they come due.



Operating Cash Flow Results
The company is generating strong cash flow from operations this period, which is positive, especially when coupled with profits on the Income Statement. In the long run, these types of results can help boost overall liquidity conditions on the Balance Sheet. It may be helpful to look at the sources of cash on the Cash Flow Statement, to evaluate whether the sources will be present in future periods.

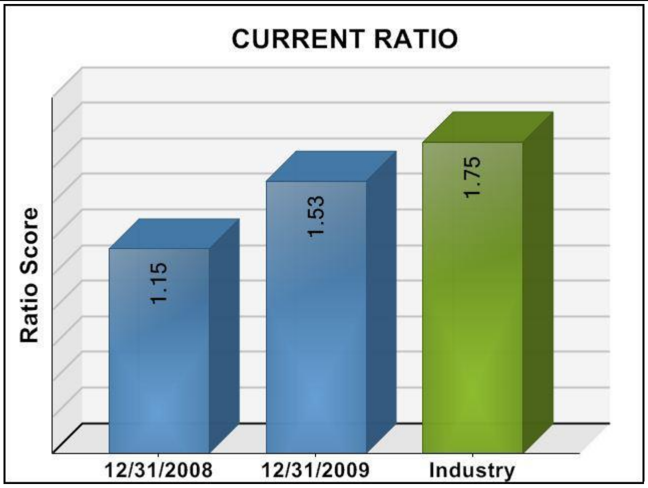
General Liquidity Conditions
The company's liquidity position is fairly good -- about average or "fair" for the industry. The best part of the results is that this position has improved in several of the areas from last period. This specifically means that both the current ratio and the quick ratio have improved this period, as indicated in the graph area of the report. If profitability and revenue are continually moved higher, the company should be able to elevate its position over time. A good goal is to actually have better liquidity than the competition, so that resources can be steered towards investments that will help to leverage profits higher (assets, people, marketing). Superior short-term liquidity can be used to build superior long-term profitability.

Right now, the company may need to improve its procedures for collecting receivables and paying bills. Both accounts receivable days and accounts payable days are higher than industry averages, meaning that it may be taking the company a longer time than competitors to collect money from customers and pay money to outside vendors. Creditors, for example, typically like to see a low AP days number.

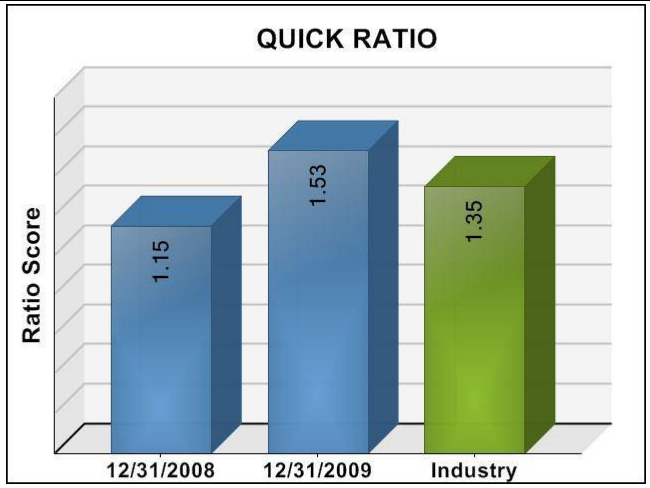
Tips For Improvement
Here are some possible actions that management might consider if appropriate (these are ideas that might be thought about):

- Hire office staff that has a background in medical billing. This can improve the efficiency of the billing process for insurance companies, thus allowing the business to collect funds faster.
- Monitor the amount of money that is being used for activities unrelated to the business, such as cash taken out of the business on draws to principals.
- Monitor the impact that tax payments may have on cash. Set aside enough money to be able to meet future tax obligations based on earnings.
- Prepare yearly forecasts that show cash flow levels at various points in time. Consider updating these forecasts on a monthly or bi-weekly basis to help prepare for potential future cash shortfalls.

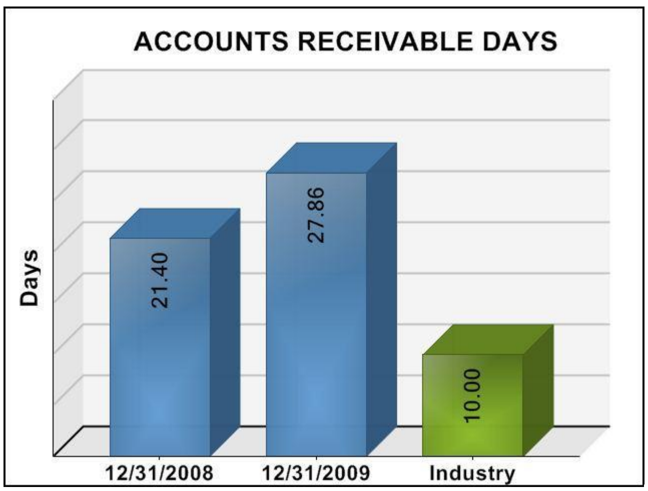
LIMITS TO LIQUIDITY ANALYSIS: Keep in mind that liquidity conditions are volatile, and this is a general analysis looking at a snapshot in time. Review this section, but do not overly rely on it.



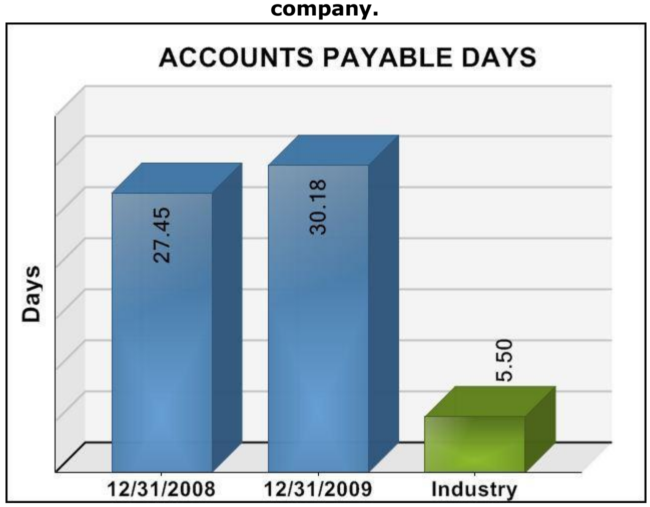
Generally, this metric measures the overall liquidity position of a company. It is certainly not a perfect barometer, but it is a good one. Watch for big decreases in this number over time. Make sure the accounts listed in "current assets" are collectible. The higher the ratio, the more liquid the company is.



This is another good indicator of liquidity, although by itself, it is not a perfect one. If there are receivable accounts included in the numerator, they should be collectible. Look at the length of time the company has to pay the amount listed in the denominator (current liabilities). The higher the number, the stronger the company.



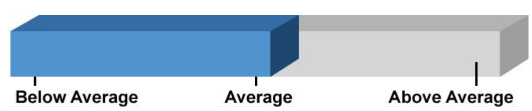
This number reflects the average length of time between credit sales and payment receipts. It is crucial to maintaining positive liquidity. The lower the better.



This ratio shows the average number of days that lapse between the purchase of material and labor, and payment for them. It is a rough measure of how timely a company is in meeting payment obligations. Lower is normally better.

PROFITS & PROFIT MARGIN

A measure of whether the trends in profit are favorable for the company.

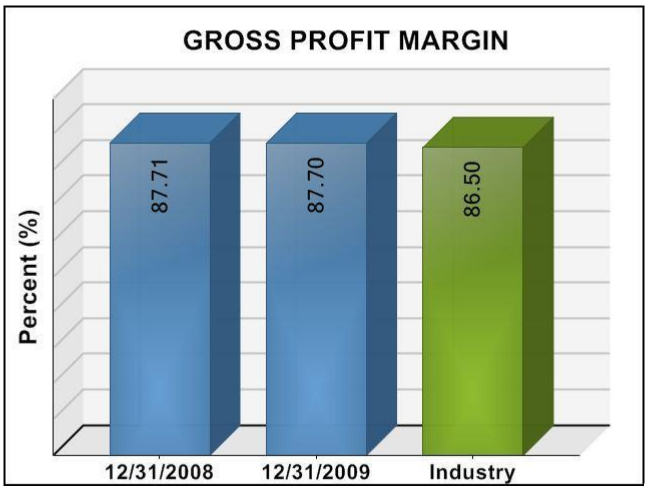


The company has performed well in the profitability area this period, as its sales have increased by 8.38% and its net profit margin has improved by 16.52% as well. When sales increases are combined with better net margins, the result is always solid increases in net profits. This was the case for this company, as net profits in dollars rose significantly. The best implication here is that these results mean that **the company is effectively managing its sales growth**. It might even imply that it is growing into its capacity, which is even better. It is always positive when a company can both grow (increase its sales) and become more efficient (improve its profit margin) concurrently.

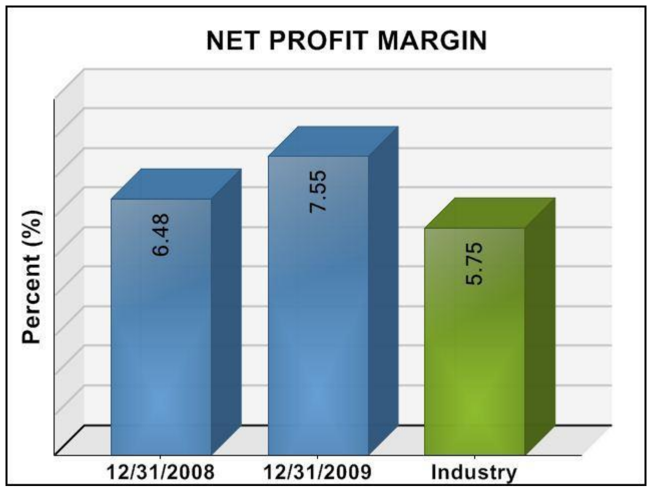
Now that the company is doing better than last period, it is earning about average net profits compared to the competition. This is highlighted in the graph area of the report. Keep in mind that all of the scores in this area are applied by evaluating where the company was last period, where it is now, and how it compares with other similar companies. It is good that the company's net profit margin is keeping up with industry standards -- the net profit margin is a company's most important measure of profitability and efficiency, as it measures the cents that a company retains as profits from every dollar it earns in sales revenue. If the company can continue to bring in higher profits and improve its net margin in the future, it will be among the top performers in the industry, which is a good goal. Ultimately, rates of return on assets and equity can only be average over the long run if a company only earns average net profits in this area.

Tips For Improvement
Good profit managers make continuous and small adjustments to improve their businesses. Managers might possibly consider the following to improve profits over time:

- Communicate with patients and explain the work that will be done on them before and during treatment so they can prepare for any pain they may experience.
- Retain patients more effectively. Set up dental plans that discount certain fees as long as the patient locks into long-term care with the office.
- Generate accurate financial reports on a timely basis -- within 40 days of the end of the financial period. Good financial reports are the backbone of management decisions.
- Display achievements/awards and a clearly defined mission of the business. Make these visible to potential patients through strategically placed advertisements to inform them of the quality dental services you provide.

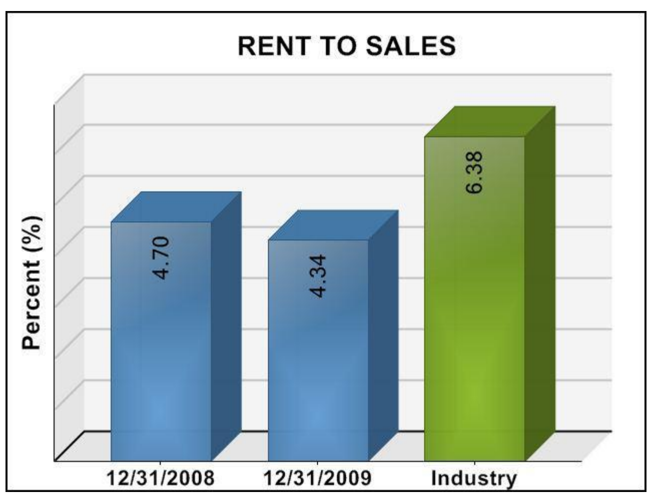


This number indicates the percentage of sales revenue that is not paid out in direct costs (costs of sales). It is an important statistic that can be used in business planning because it indicates how many cents of gross profit can be generated by each dollar of future sales. Higher is normally better (the company is more efficient).



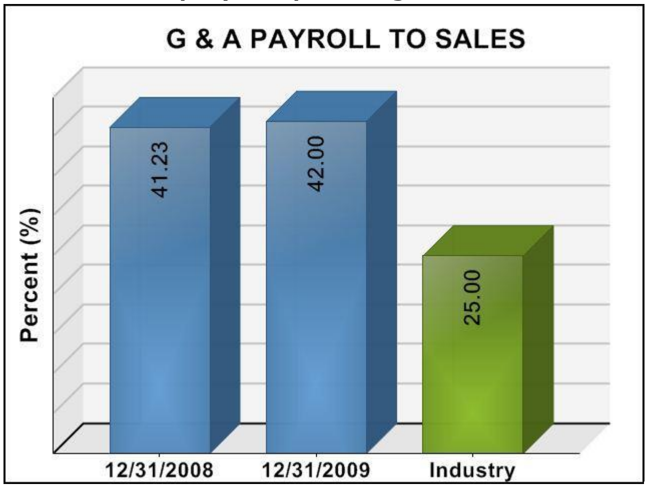
This is an important metric. In fact, over time, it is one of the more important barometers that we look at. It measures how many cents of profit the company is generating for every dollar it sells. Track it carefully against industry competitors. This is a very important number in preparing forecasts. The higher the better.

This metric shows advertising expense for the

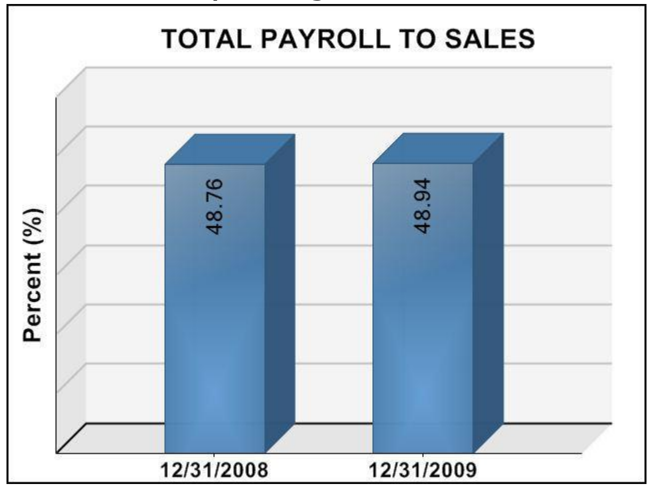


This metric shows rent expense for the company as a

company as a percentage of sales. **percentage of sales.**



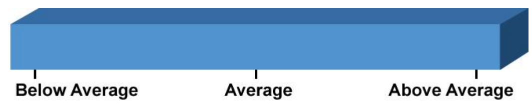
This metric shows G & A payroll expense for the company as a percentage of sales.



This metric shows total payroll expense for the company as a percentage of sales.

SALES

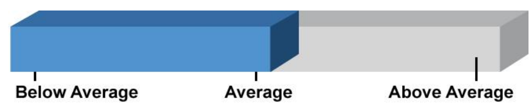
A measure of how sales are growing and whether the sales are satisfactory for the company.



Not much text in this report is dedicated to sales analysis, because sales trends are fairly easy to interpret. Sales have increased from last period by 8.38%, which is good. A more important dynamic is how sales increases affect net profitability, as was discussed in the previous section. Nevertheless, it is positive to see sales rising concurrently with fixed asset and employee growth; it would have been troublesome if asset and employee levels had grown but sales had remained flat.

BORROWING

A measure of how responsibly the company is borrowing and how effectively it is managing debt.

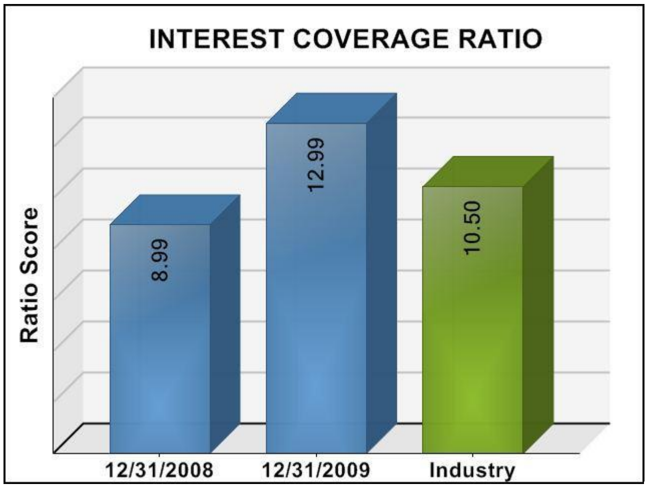


When expanding by borrowing more, there is an increased requirement to watch the results carefully. All this means is that it is important to look for positive outcomes from increasing debt. In this case, there are some positive results -- profitability improved rapidly as debt was significantly increased.

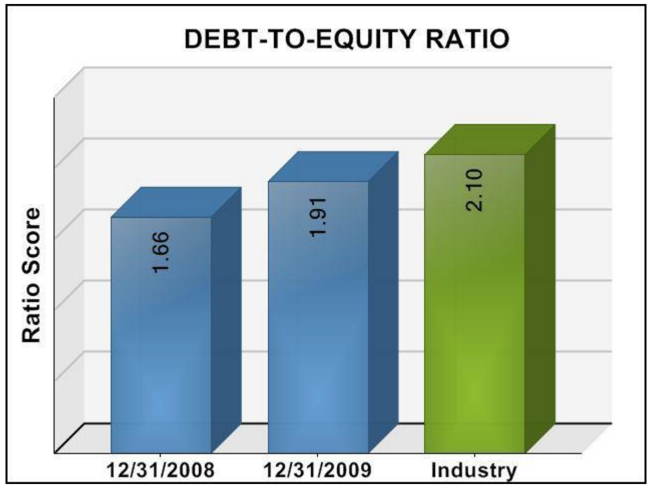
However, there is one caution to note. Profitability did improve nicely, **but debt increased at a faster rate**. This is something to keep in mind. Over the long run, a company should not allow debt to rise more quickly than profitability. The company should watch this dynamic carefully in the future. Net margins, overall liquidity, and other indicators can be useful to track overall results. In this case, net margins and overall liquidity look good -- they have improved since last period.

Finally, with regard to the company’s ability to meet its interest expense from earnings (before interest and non-cash expenses) and its level of debt relative to equity, both of these statistics are close to the industry averages. In cases like this, where a strong trend cannot be established, management should look for long-run trends.

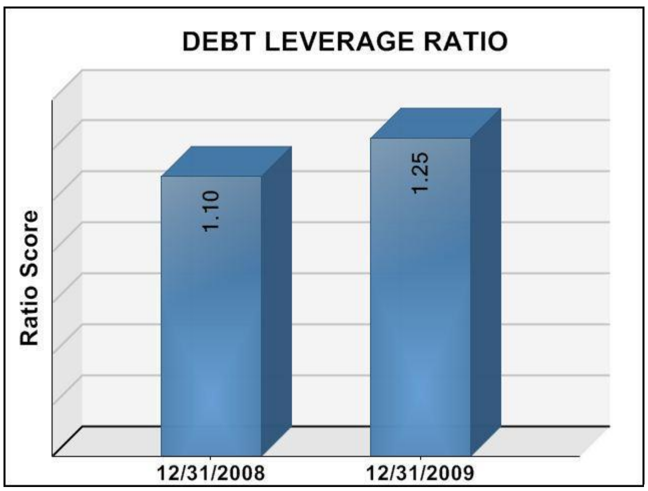
Debt has been used relatively well -- the money borrowed accompanied good improvements in profitability. A worthwhile question is whether additional borrowing would lead to further profitability improvements at this time. To determine the answer, a careful analysis of any current borrowing and good income and cash flow forecasts will be quite useful, including some analysis of what-if scenarios such as a drop in sales.

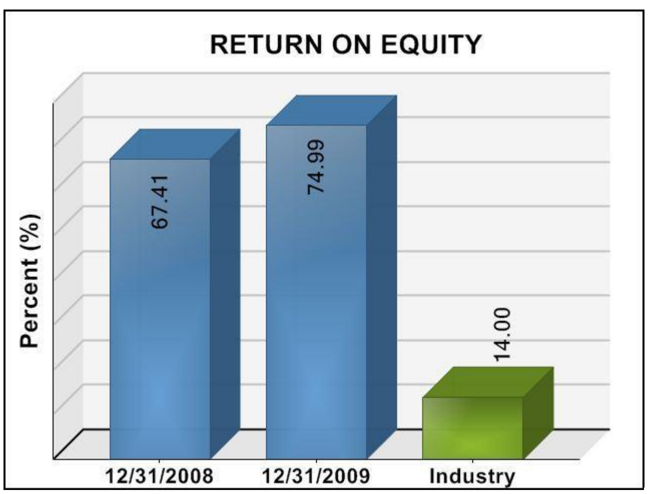


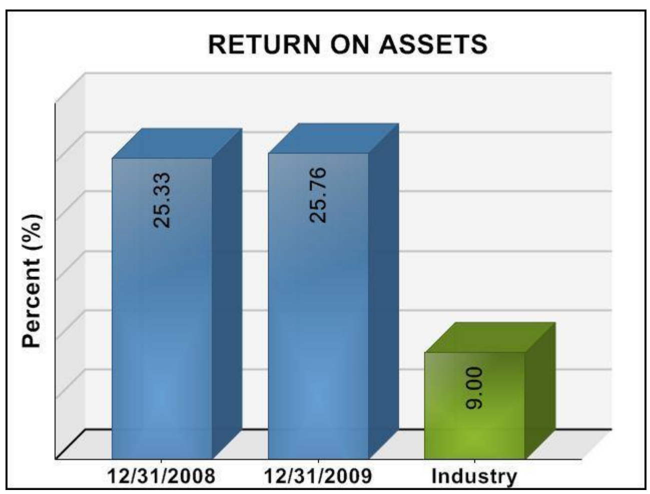
This ratio measures a company's ability to service debt payments from operating cash flow (EBITDA). An increasing ratio is a good indicator of improving credit quality. The higher the better.

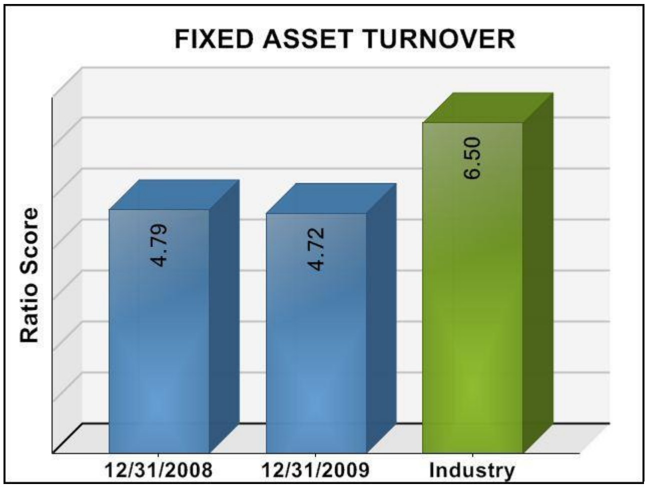


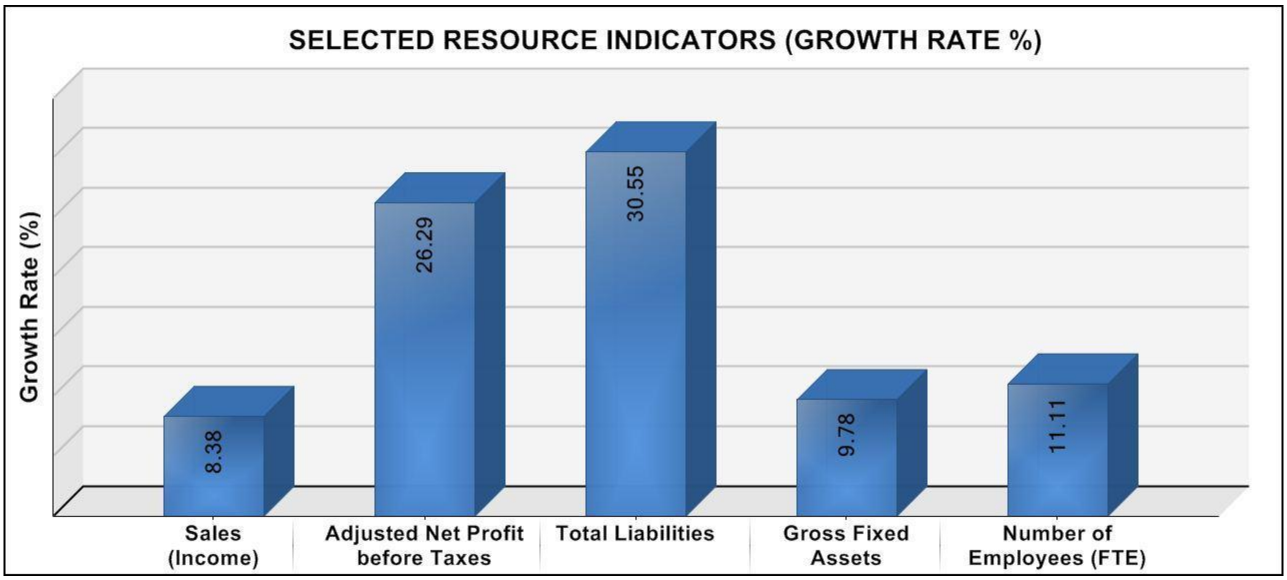
This Balance Sheet leverage ratio indicates the composition of a company's total capitalization -- the balance between money or assets owed versus the money or assets owned. Generally, creditors prefer a lower ratio to decrease financial risk while investors prefer a higher ratio to realize the return benefits of financial leverage.








FIXED ASSET TURNOVER
Ratio Score
4.79
4.72
6.50
12/31/2008
12/31/2009
Industry


SELECTED RESOURCE INDICATORS (GROWTH RATE %)
Growth Rate (%)
8.38
26.29
30.55
9.78
11.11
Sales (Income)
Adjusted Net Profit before Taxes
Total Liabilities
Gross Fixed Assets
Number of Employees (FTE)