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**This is a financial evaluation project for corporate investment in a public listed company.**

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### 4. Conclusion

**'You have been appointed as financial advisor of a company whose mission is to take over a public listed company.'**

a. You need to find a suitable company listed on any stock exchange.

## 1. Disclaimer

*'Especially in 'business matters', every single question and calling for action serves a purpose', carries a motivation, a purpose'*

**1.1 The provided information**, do not enclose the principal, its geographical location, its legal shape, its capability in terms of a 'war chest', knowledge and experience nor and at last but not at least 'what and which (foreign) stock exchange market exactly is the company looking for?

If the company is a private owned or a private owned limited or a public listed company itself is a crucial matter related to the purchase power and the advice of how take position as a buyer and how to finance the purchase. Does the company want to push a cash deal or want the company to do a 'revert' of private owned shares with public owned shares or does it want to merge with the 'public listed'? Not all people and companies are entitled to all possibilities of purchasing, limitations and additional conditions maybe put over for the buyer and just depending on the legal shape of the buyer.

From the introduction is obtained the next quote '**a company whose mission is to take over a public listed company**'. It is by me to be understood as taking over shares with management control of the to be purchased 'stock listed'. More restrictions may apply to even get permission for the purchase. Restrictions following the 'conduct of (non-criminal) good behaviour of the potential buyer and (non-criminal) sourcing of the 'war chest'. If the combination of the purchased 'public listed' and the buyer is getting a too strong market position and is therefore to be seen as a disturbance to fair play rules in competition, regulators may successfully object and block the purchase. Not limiting to all considerations, I add the next to this list as what more limiting rules can apply to foreign buyers on domestic 'stock exchange market', especially those seeking for a management controlling stake in a 'public listed'. If potential buyer in combination with the 'stock listed' gain a dominant position in a sensitive industry, authorities may block such attempt. Finally, is the buyer knowledgeable and experienced of and in the industry and its behaviours related. Wrong strategic decisions, conflicts between controlling shareholders and executive directors may lead into stagnations, wrong guided decisions, eventually loss of the 'public listed' and related investments and losses hitting creditors, labour and so forth.

What is the company looking for at the stock exchange market? So much is clear that the company would like to hold a controlling stake in a 'public listed'.

Does it want to enrich their portfolio (if any) and is the company looking for a sustainable market position in a certain industry or a certain segment? Is the company looking for innovations with low net return on investment at the short term but very profitable at the long term? Is it looking for a defending investment, safe but secure, serving a long-term obligation, such as a funds for pension rights? Is it merely about capital gain or is the focus to yearly and vast cash return on investments?

*‘Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. Corporate Governance refers to the way in which companies are governed and to what purpose. It identifies who has power and accountability, and who makes decisions.*

**1.2 The purpose** of corporate governance is to help build an environment of trust, transparency, and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies.

The 6 pillars of Corporate governance **apply as much to the one buyer with intention to control a ‘public listed’** as it applies to the ‘stock listed’ itself. **Before a buyer can put over a bidding** it need to identify itself first and need to give satisfactory answers to at minimum the following:

- Rules of law.
- Moral **integrity**.
- Transparency.
- Participation.
- **Responsibility and accountability**.
- Effectiveness and efficiency.

*‘Especially in business matters, ‘time spend on consultancy is money’. The more information provided, the better to the relevant questions provided answers can be provided, the best the company is served with a strategical defined and efficient roadmap to an effective approach to a successful takeover of a ‘stock listed’.*

**1.3 In conclusion**, the information is not sufficient and bears the risks of wasting time and money to a broad answer to a broader question not leading into the right and crucial position in such dedicated transaction and where tiny details do make a difference in reaching success or not.

Its therefor needed to obtain more information but this nota shall limit its advice to an interesting potential at the stock exchange market of Malaysia with providing of brief analyses with a pricing range in which a controlling stake of the selected ‘stock listed’ maybe obtained.

There are no strong signals that the current controlling stakeholder is ‘selling’ but under current turmoil in markets, opportunities do arise.

## **2. The from BURSA selected ‘stock listed’:**

**APOLLO FOOD HOLDINGS BERHAD** (hereafter Apollo) 199401005792 (291471-M) with registered office; Suite 1301, 13th Floor, City Plaza Jalan Tebrau, 80300 Johor Bahru Johor Darul Takzim, Malaysia.

### **Business background**

Apollo manufactures, trades in, markets, and distributes compound chocolates, chocolate confectionery products, and cakes in Malaysia.

The company operates through two segments, Investment Holding: and Manufacturing, Marketing, and Distribution. Its products include chocolate wafer products, layer cakes, chocolate layer cakes, and Swiss roll products. Its primary geographic markets are Malaysia, Asian (excluding Malaysia) and Others. Its subsidiaries include Apollo Food Industries (M) Sdn Bhd, which is engaged in manufacture and trading in compound chocolates, chocolate confectionery products, and cakes, and Hap Huat Food Industries Sdn Bhd, which is an investment holding company.

### Shareholdings. [Source Annual report 2020](#)

- a. TOTAL NUMBER OF ISSUED SHARES: 80,000,000
- b. ISSUED SHARE CAPITAL: RM84,325,454
- c. CLASS OF SHARES: Ordinary Shares (no special voting/profit rules)
- d. NO. OF SHAREHOLDERS: 3,315
- e. VOTING RIGHTS: One vote per ordinary share

In the List of 3.315 securities account holders appears **since 2014** with approximately **51 % KEYNOTE CAPITAL SDN BHD as the ultimate management controlling holder**, followed by AMANAHRAYA with approximately 16 %.

Each holder belonging to the remaining group of 3,313 has less than 5 % per holder of 80.000.000 shares.

### Trading overviews last 52 weeks provided per 1<sup>st</sup> of May 2021 ([source](#))

Market Cap:	<b>296 Million</b>
NOSH:	<b>80 Million</b>
Avg Volume (4 weeks):	<b>13,565</b>
4 Weeks Range:	<b>3.69 - 3.80</b>
4 Weeks Price Volatility (%):	<b>9.09%</b>
52 Weeks Range:	<b>3.15 - 4.49</b>
52 Weeks Price Volatility (%):	<b>41.04%</b>
Average Price Target:	<b>2.75</b>
Price Upside/Downside:	Target <b>-0.95</b>

Understanding the financial strength of a company is the most crucial step in analysing a stock. I went with understanding of **Apollo its basic principles and activities** through her balance sheet, income statement, and cash flow statements to get an in depth of the Annual Reporting.

I supported my search after the question 'buy or sell' Apollo shares, with pricing ranges related with the next analyses methodologies.

b. Download Annual report of the company for 10 years.

I refer to the attached excel sheet 'Apollo Food BHD 10 years'.

c. Perform financial analysis of the company.

### 3.1 Vertical analysis (%)

I refer to the attached excel sheet 'Apollo Food BHD 10 years'.

### 3.2 Horizontal analysis (%)

I refer to the attached excel sheet 'Apollo Food BHD 10 years'.

### 3.3 Liquidity

The lowest from 2011 obtained ratio is 12.31%, the next highest from 2020 obtained ratio is 16.65%. The bandwidth (12.31-16.65) is higher than the considered safe liquid ratio of 2%.

There are no signals of intentions such as expanding or hedging and it's not clearly understood of why Apollo is holding up such huge war-chest in cash. Eventually, Apollo want to buy-in their public listed stocks?

The ratios are obtained from the next table.

LIQUIDITY RATIO

ITEM	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Current Assets	99633147	103060858	121836462	135431569	144619971	162364323	159304907	142915465	152698509	156580275
Inventory	-18866856	-17221363	-19893955	-18790244	-19362334	-18148402	-15847951	-14902914	-15612549	-14970305
<b>CA</b>	<b>80766291</b>	<b>85839495</b>	<b>101942507</b>	<b>116641325</b>	<b>125257637</b>	<b>144215921</b>	<b>143456956</b>	<b>128012551</b>	<b>137085960</b>	<b>141609970</b>
Total Current Liabilities	-8090542	-7611750	-8847696	-9884329	-11527039	-11977532	-10219036	-8003356	-9717499	-9402007
<b>Liquidity Ratio</b>	<b>72675749</b>	<b>78227745</b>	<b>93094811</b>	<b>106756996</b>	<b>113730598</b>	<b>132238389</b>	<b>133237920</b>	<b>120009195</b>	<b>127368461</b>	<b>132207963</b>

### 3.4 Solvency

A solvency ratio is a key metric used to measure an enterprise's ability to meet its long-term debt obligations and is used often by prospective business lenders. A solvency ratio indicates whether a company's cash flow is sufficient to meet its long-term liabilities and thus is a measure of its financial health.

The **higher** the **ratio**, the **better**. If the **ratio** falls to 1.5 or below, it may indicate that a company will have difficulty meeting the interest on its debts.

The outcome of the calculations as shown in the table below (for 2020, 1.451%) indicates a low rate. However, Apollo has next to a pension funds no interest-bearing loans and the cash position is incredible high (liquid rate 2020 16.65%). They are not at risk of failing one of their debtors.

## SOLVENCY RATIO

ITEM	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income	22576924	28593663	42449536	43605431	34056071	40042605	24663555	14725879	23606938	19942393
Depreciation	3462609	9290859	9290889	9557361	10516290	12096197	9168566	9854347	9955578	9407447
<b>Total Profit</b>	<b>22576924</b>	<b>28593663</b>	<b>42449536</b>	<b>43605431</b>	<b>34056071</b>	<b>40042605</b>	<b>24663555</b>	<b>14725879</b>	<b>23606938</b>	<b>19942393</b>
Total Liabilities	25293175	25314292	26090156	26110138	25860039	25576327	23407417	19918536	21245526	20265111
<b>Solvency Ratio</b>	<b>1.029508276</b>	<b>1.496566525</b>	<b>1.983139733</b>	<b>2.036097703</b>	<b>1.72359991</b>	<b>2.038557061</b>	<b>1.44535901</b>	<b>1.234037783</b>	<b>1.579745119</b>	<b>1.451402857</b>

## 3.5 Soundness in the financial structure

Years	Company Size (Total Assets)	Inventory	Current Ratio (x)			Quick (Acid Test ratio) (x)			Debt (%)		
	TA		CA	CL	TOTAL	CA-Inventory	CL	TOTAL	TL	TA	TOTAL
2011	233771475	18866856	99633147	8090542	12.3148	80766291	8090542	9.9828	25293175	2.34E+08	0.1082
2012	240447645	17221363	103060858	7611750	13.5397	85839495	7611750	11.2772	25314292	2.4E+08	0.10528
2013	256272916	19893955	121836462	8847696	13.7704	101942507	8847696	11.5219	26090156	2.56E+08	0.10181
2014	269784563	18790244	135431569	9884329	13.7016	116641325	9884329	11.8006	26110138	2.7E+08	0.09678
2015	274292370	19362334	144619971	11527039	12.5462	125257637	11527039	10.8664	25860039	2.74E+08	0.09428
2016	283136909	18148402	162364323	11977532	13.5557	144215921	11977532	12.0405	25576327	2.83E+08	0.09033
2017	276657841	15847951	159304907	10219036	15.589	143456956	10219036	14.0382	23407417	2.77E+08	0.08461
2018	263534358	14902914	142915465	8003356	17.8569	128012551	8003356	15.9949	19918536	2.64E+08	0.07558
2019	266286682	15612549	152698509	9717499	15.7138	137085960	9717499	14.1071	21245526	2.66E+08	0.07978
2020	263550418	14970305	156580275	9402007	16.6539	141609970	9402007	15.0617	20265111	2.64E+08	0.07689

Year	ROA (%)			ROE (%)			Net Profit Margin (%)			Total Assets Turnover			Inventory Turnover		
	NI @ EAT	TA	TOTAL	NI @ EAT	TE	TOTAL	EBIT	Sales	TOTAL	Sales	TA	TOTAL	COGS	Inventory	TOTAL
2011	17854221	233771475	0.0764	17854221	208478300	0.085641	22576924	176291985	0.1280655	176291985	233771475	0.754	136036306	18866856	7.21033
2012	21741325	240447645	0.0904	21741325	215133353	0.10106	28593663	200548462	0.1425773	200548462	240447645	0.834	155455466	17221363	9.0269
2013	32083145	256272916	0.1252	32083145	230182760	0.139381	42449536	222745970	0.1905738	222745970	256272916	0.869	160125385	19893955	8.04895
2014	33470740	269784563	0.1241	33470740	243674425	0.137358	43605431	220713333	0.1975659	220713333	269784563	0.818	156567077	18790244	8.33236
2015	25293936	274292370	0.0922	25293936	248432331	0.101814	34056071	212626773	0.1601683	212626773	274292370	0.775	156316175	19362334	8.07321
2016	29742425	283136909	0.105	29742425	257560582	0.115477	40042605	208185792	0.1923407	208185792	283136909	0.735	151154151	18148402	8.32879
2017	17833017	276657841	0.0645	17833017	253250424	0.070417	24663555	208918294	0.1180536	208918294	276657841	0.755	166415292	15847951	10.5007
2018	11071841	263534358	0.042	11071841	243615822	0.045448	14725879	190818447	0.0771722	190818447	263534358	0.724	150563092	14902914	10.1029
2019	17425334	266286682	0.0654	17425334	245041156	0.071112	23606938	188835828	0.125013	188835828	266286682	0.709	142067922	15612549	9.0996
2020	14244151	263550418	0.054	14244151	243285307	0.058549	19942393	174934531	0.1139992	174934531	263550418	0.664	129041516	14970305	8.61983

### 3.5 Soundness in the financial structure (continued)

Year	Profit Margin			BEP			Safety Margin			
	Gross Profit	Revenue	Total	Overhead	Profit margin	Total	Revenue	BEP	Total	Success Factor
2011	40255679	176291985	0.2283	19906817	0.2283	87178067	176291985	87178067.07	1.02221	2.0222
2012	45092996	200548462	0.2248	19370180	0.2248	86147742	200548462	86147742.49	1.32796	2.328
2013	62620585	222745970	0.2811	22836326	0.2811	81230471	222745970	81230470.56	1.74215	2.7421
2014	64146256	220713333	0.2906	24102843	0.2906	82932647	220713333	82932647.13	1.66136	2.6614
2015	56310598	212626773	0.2648	25694195	0.2648	97020347	212626773	97020347.18	1.19157	2.1916
2016	57031641	208185792	0.2739	25730439	0.2739	93925262	208185792	93925261.97	1.2165	2.2165
2017	42503002	208918294	0.2034	27752915	0.2034	136416050	208918294	136416050.2	0.53148	1.5315
2018	40255355	190818447	0.211	30309776	0.211	143674410	190818447	143674410.2	0.32813	1.3281
2019	46767906	188835828	0.2477	27857557	0.2477	112481086	188835828	112481085.7	0.67882	1.6788
2020	45893015	174934531	0.2623	30009845	0.2623	114391224	174934531	114391224	0.52927	1.5293

#### 3.5.1 Comment to the tables above 'soundness of the financial structure'.

The financial structure of a company gives an idea about the leverage and the cost of capital. In finance, **leverage** is a strategy that companies use to increase assets, cash flows, and returns, though it can also magnify losses.

**Financial soundness** indicators are methodological tools that help quantify and qualify the **soundness** and vulnerabilities of **financial** systems according to five areas of interests: capital adequacy, asset quality, earnings, liquidity, and sensitivity to market risk.

#### Profitability ratios

Those assess a company's ability to earn profits from its sales or operations, balance sheet assets, or shareholders' equity. **Profitability ratios indicate** how efficiently a company generates profit and value for shareholders.

- Net profit margin
- Return on assets (ROA)
- Return on equity (ROE)

All indicators point at Apollo being in good health, which reflect in (for 10 years) passing 2 economic crises, without gaining operational losses. During the years, the liquid position remains strong (current liabilities multiplied by 12-16%).

Though the 'net return on assets' is not impressive, there are commercial real estate assets and which are serving an additional income stream next to the income from the primary operation. Finally, Apollo has no long-term obligations but a pension fund right only.

Apollo is solvent, is liquid and on steady course. It reflects a defending strategy based on a lean and mean operation, remain sticking to the core, and securing the equity with additional commercial real estate.

It is to be seen how Apollo crossed the Covid crisis but beside a temporarily shut down of the factory for a few days in December 2020, the financial markets are not panicking, slight decreasing stock price but the trust is there, and Apollo has a solid cash position to survive eventually some operational shocks. But then again, those are not reported.

### 3.6 Viability

Apollo its brands are popular under the children in Malaysia. Following the analyses as published under this chapter, the financial structure is healthy, is solvent, is liquid and on steady course. Its controlling management reflects a defending business strategy which is based on a lean and mean operation, it remains sticking to the core, and securing the equity with additional commercial real estate. The company 'delivered' to its shareholders and is being able and focussed to remain 'delivering' at the long run. Apollo is not seeking loans; it is a self-sufficient capital supplier. Overall a decent and steady player in their industry.

### 3.7 Manageable capital structure

**Capital Structure**, as the name suggests, means arranging **capital** from various sources, in order, to meet the need of long-term funds for the business.

Also, **capital structure decisions** impact the risk and return of **equity** owners. Important. It is the goal of company management to find the ideal mix of debt and equity, also referred to as the optimal capital structure, to finance operations.

Analysts use the debt-to-equity (D/E) ratio to compare capital structure. It is calculated by dividing total liabilities by total equity. Main concern of this **principle** is to earn maximum earnings per share with minimum cost of financing. Interest rates and tax rates controls cost of financing. Debt **capital** is cheaper.

#### Apollo

**Apollo** has a very simple capital structure and is not financed with any of third parties loan facilities. All their non-current assets are for the long term financed and secured with shareholders capital. With one exception only: pension funds for its labour.

Income from daily operations is positive and provide just enough return to its shareholders. In top the required net return of investments to all its shareholders and obligations following pension funds, is extra secured with solid commercial real estate.



Apollo is stress proof, it can sustain price fluctuations (purchase and sales), it can stand its ground during a crisis as COVID for example.

There are as stated earlier no signals given that Apollo its board controlling shareholder 'Keynote Capital Sdn Bhd' has intention to make significant changes in its policies, has intention to expanding its business nor has intention to step into other industry fields.

Altogether, there is no reason to go for a loan, unless the company want to buy-in placed stocks at BURSA Malaysia, for which a large sum of capital is needed.

Its notable that the war-chest of Apollo (**132.207.963 above current liabilities**) is sufficient spending power to support such strategic move, if ever. This figure is over 10 years measured stable growing and no huge claims to be expected.

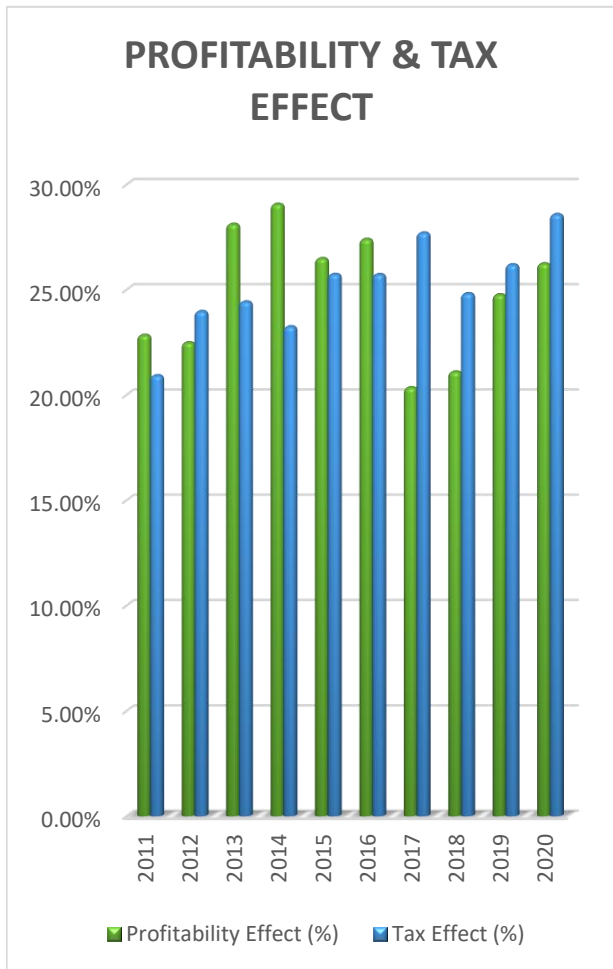
It seems to me that the controlling shareholder is following a defending strategy and while being in the known that a restructuring of capital by including interest bearing loans would be cost saving (with effect coming from tax rules), the shareholder seems to prefer control over risks taking.

### 3.8 DuPont analysis

Is used to evaluate the component parts of a company's return on equity (ROE). This allows an investor to determine what financial activities **are** contributing the most to the changes in ROE.

The DuPont Model Return on Equity (ROE) Formula allows experienced investors to gain insight into the capital structure of a firm, the quality of the business, and the levers that are driving the return on invested capital.

The model is so valuable because it does not just want to know what return on equity is. Instead, it explores the specific variables that are *causing* the return on equity in the first place.



Year	LEVERAGE EFFECT						ACTIVITY EFFECT			PROFITABILITY EFFECT, %		TAX EFFECT		Tax Rate, %				
	FS	TL	2	FC	3	4	5	6	Total	Total	EAT	EBT	Total					
2011	233,771,475	25,293,175	0.1082	9,2425	22,576,924	22,576,924	1,0000	0.00%	176,291,985	233,771,475	0.7541	40,255,679	176,291,985	22.83%	17,854,221	22,576,924	0.7908	20.92%
2012	240,447,645	25,314,292	0.1053	9,4985	28,593,663	28,593,663	1,0000	0.00%	200,548,462	240,447,645	0.8341	45,092,996	200,548,462	22.48%	21,741,325	28,593,663	0.7604	23.96%
2013	256,272,916	26,090,156	0.1018	9,8226	42,449,536	42,449,536	1,0000	0.00%	222,745,970	256,272,916	0.8692	62,620,585	222,745,970	28.11%	32,083,145	42,449,536	0.7558	24.42%
2014	269,784,563	26,110,138	0.0968	10,3326	43,605,431	43,605,431	1,0000	0.00%	220,713,333	269,784,563	0.8181	64,146,256	220,713,333	29.06%	33,470,740	43,605,431	0.7676	23.24%
2015	274,292,370	25,860,039	0.0943	10,6068	34,056,071	34,056,071	1,0000	0.00%	212,626,773	274,292,370	0.7752	56,310,598	212,626,773	26.48%	25,293,936	34,056,071	0.7427	25.73%
2016	283,136,909	25,576,327	0.0903	11,0703	40,042,605	40,042,605	1,0000	0.00%	208,185,792	283,136,909	0.7353	57,031,641	208,185,792	27.39%	29,742,425	40,042,605	0.7428	25.72%
2017	276,657,841	23,407,417	0.0846	11,8192	24,663,555	24,663,555	1,0000	0.00%	208,918,294	276,657,841	0.7552	42,503,002	208,918,294	20.34%	17,833,017	24,663,555	0.7231	27.69%
2018	263,534,358	19,918,536	0.0756	13,2306	14,725,879	14,725,879	1,0000	0.00%	190,818,447	263,534,358	0.7241	40,255,355	190,818,447	21.10%	11,071,841	14,725,879	0.7519	24.81%
2019	266,286,682	21,245,526	0.0798	12,5338	23,606,938	23,606,938	1,0000	0.00%	188,835,828	266,286,682	0.7091	46,767,906	188,835,828	24.77%	17,425,334	23,606,938	0.7381	26.19%
2020	263,550,418	20,265,111	0.0769	13,0051	19,942,393	19,942,393	1,0000	0.00%	174,934,531	263,550,418	0.6638	45,893,015	174,934,531	26.23%	14,244,151	19,942,393	0.7143	28.57%

### 3.9 Altman Z-score

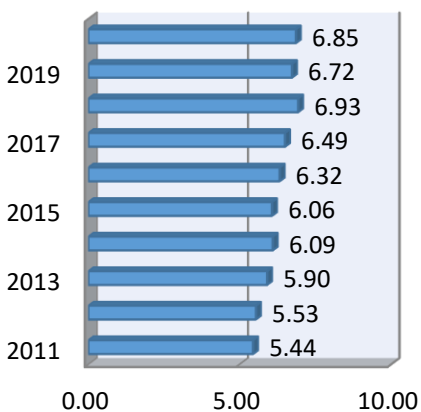
is a formula for determining whether a company, notably in the manufacturing space, is headed for bankruptcy? The formula considers profitability, leverage, liquidity, solvency, and activity ratios.

An Altman Z-score close to 1.8 suggests a company might be headed for bankruptcy, while a score closer to 3 suggests a company is in solid financial positioning.

The formula applied to Apollo provides the next results (score)

		Total
1.98	3.46	<b>5.44</b>
1.96	3.57	<b>5.53</b>
2.20	3.71	<b>5.90</b>
2.17	3.92	<b>6.09</b>
2.03	4.03	<b>6.06</b>
2.09	4.23	<b>6.32</b>
1.95	4.54	<b>6.49</b>
1.79	5.14	<b>6.93</b>
1.88	4.84	<b>6.72</b>
1.81	5.04	<b>6.85</b>

### ALTMAN Z-SCORE



Year	a, Working Capital			b, Retained Earning	c, Operating Income	d, Sales Revenue	e, Total Assets	f, Net Worth			g, Total debt
	CA	CL	Total					EAT	TA	TL	
2011	156,580,275	8,090,542	148,489,733	128,478,300	17,854,221	176,291,985	233,771,475	233,771,475	25,293,175	208,478,300	25,293,175
2012	103,060,858	7,611,750	95,449,108	135,133,353	21,741,325	200,548,462	240,447,645	240,447,645	25,314,292	215,133,353	25,314,292
2013	121,836,462	8,847,696	112,988,766	150,182,760	32,083,145	222,745,970	256,272,916	256,272,916	26,090,156	230,182,760	26,090,156
2014	135,431,569	9,884,329	125,547,240	163,674,425	33,470,740	220,713,333	269,784,563	269,784,563	26,110,138	243,674,425	26,110,138
2015	144,619,971	11,527,039	133,092,932	168,432,331	25,293,936	212,626,773	274,292,370	274,292,370	25,860,039	248,432,331	25,860,039
2016	162,364,323	11,977,532	150,386,791	177,560,582	29,742,425	208,185,792	283,136,909	283,136,909	25,576,327	257,560,582	25,576,327
2017	159,304,907	10,219,036	149,085,871	173,250,424	17,833,017	208,918,294	276,657,841	276,657,841	23,407,417	253,250,424	23,407,417
2018	142,915,465	8,003,356	134,912,109	163,615,822	11,071,841	190,818,447	263,534,358	263,534,358	19,918,536	243,615,822	19,918,536
2019	152,698,509	9,717,499	142,981,010	160,715,702	17,425,334	188,835,828	266,286,682	266,286,682	21,245,526	245,041,156	21,245,526
2020	156,580,275	9,402,007	147,178,268	158,959,853	14,244,151	174,934,531	263,550,418	263,550,418	20,265,111	243,285,307	20,265,111

**d. Write a recommendation on the strategy to acquire and the suitable price to bid.**

#### **4 Conclusion**

Apollo its brands are popular under the children in Malaysia. Following the analyses as published in chapter 4, the financial structure is healthy. Apollo is solvent, is liquid and on steady course. Its stable and long-term controlling management reflects a defending business strategy which is based on a lean and mean operation, it remains sticking to the core, and securing the equity with additional commercial real estate.

The company 'delivered' to its shareholders and is being able and focussed to remain 'delivering' at the long run. Apollo is not seeking loans; it is a self-sufficient capital supplier. Overall a decent and steady player in their industry, based on the equity per 2020 (243,285,307) the target stock price would be in 3.04. Per May 12 of 2021 the price is 3.73.

#### **Know my customer first,**

The by the company provided information is **not sufficient** and bears the risks of wasting time and money to a broad answer to a broader question.

Is not supporting relevant answers to a tactical plan, leading into the right and crucial position as a purchaser of a management controlling stake (51% +) of a 'public listed'.

It would be in preparation of a very sensitive transaction of shares in a public listed market and where reputation (corporate governance) among set limitations of regulators do matters. A market which requires the bidder to identify itself, with all credentials and with prove of legitimate and solid financial resources and before even to make any appointment or announcement.

Apollo is a solid purchase but **its illiquid** and it need a good convincing action plan to persuade the controlling shareholder to leave position. As the controlling shareholder is tied to 2 executive directors, it need not just a good price but also a good offer, which include coverage of good leadership in a turbulent market with rapidly changing consumer behaviours.

**In short notice, based on the provided information any advice to bid and to complete with cash or shares transactions is premature**, let alone if a financial advisor would put his or her reputation at stake to present the 'unknown' and if a broker or an investment bank even would like to answer the calling for assistance to the bidding. Not likely, it needs more than a touch up, it needs solid reputation.

In this stage I welcome the ambition but am in need to 'know my customer' first.

**Nornatasha Ahmad**