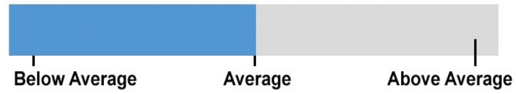
Exhibit A

PROFITS & PROFIT MARGIN

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



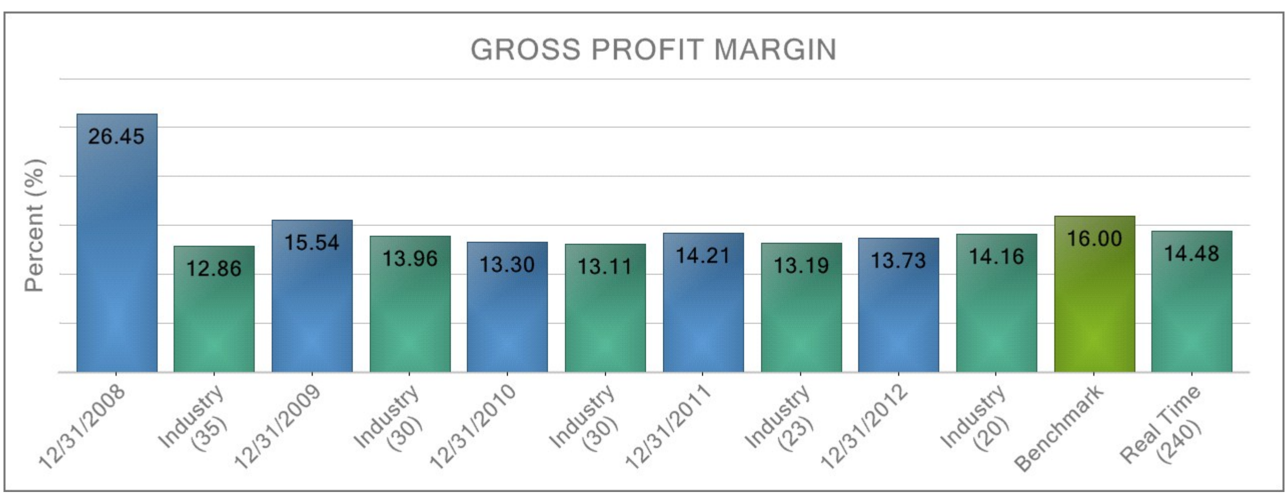
While its sales have risen significantly this period, the company's net profit margin and net profit dollars have fallen from last period's levels. This is something that the company's managers will want to be aware of. The company will not want to see margins fall too much because they indicate the company's efficiency; the net margin, which measures the cents of net profit that the company earns on every dollar it sells, is a key indicator of how effectively a company is balancing its revenues and operating expenses. This company's net margin declined so much that net profits (in dollars) have fallen, despite a sales increase of 38.55%. This means that the company earned less money on the bottom line.

The reason for the net margin and net profit decline is because the company spent a significant amount on operating costs this period. Spending more on operating costs is acceptable, as long as these extra expenditures pay off later in the form of higher profits. However, it is also sometimes true in business that companies can lose control of expenses when sales are moving higher at this kind of rate. Now would be a good time to scrutinize line items carefully to make sure that none of them are getting out of line.

Despite these decreases, the company is still doing fairly good work in this area. The net profit margin is about average, which means that this company is generating average net profits compared to its competition. The company's competitive net margin position is illustrated in the graph area of the report. The ability to maintain a healthy net margin and to keep turning profits in the future is important, since profits drive almost every other part of this report. The bottom line in this area is that this company is doing fairly well, but it should be sure to monitor its net margin over time. It is important not to make too many conclusions from a limited amount of data.

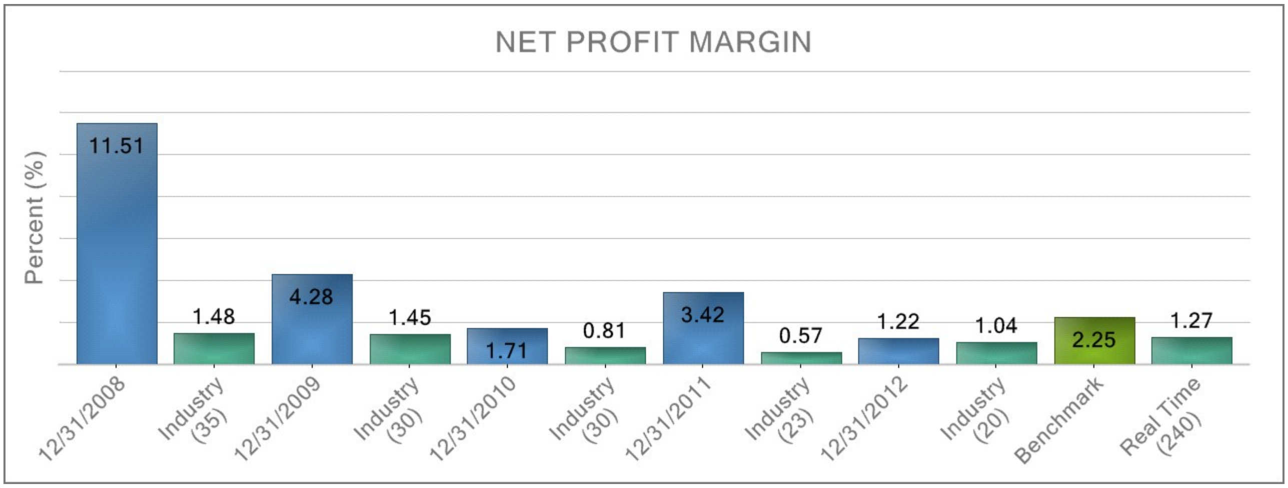
Tips For Improvement
Good profit managers make continuous and small adjustments to improve their businesses. Managers might possibly consider the following to improve profits over time:

- Watch the turnover of produce, meat, or other items susceptible to spoilage. To increase freshness and avoid spoilage, inventory should be sold and delivered quickly to distributors.
- To ensure freshness, be sure to monitor the transportation and storage of certain items. For instance, produce should be stored at its lowest safe temperature and should be transported gently and quickly.
- Take advantage of/negotiate for volume discounts or other concessions with current suppliers. Stocking up on items at promotional prices may allow the business to resell these items to grocery stores or other customers for higher prices, after the promotion is over.
- Obtain an annual business check-up. Meet with an accountant or banker to review financial statements and get advice on how to improve performance.

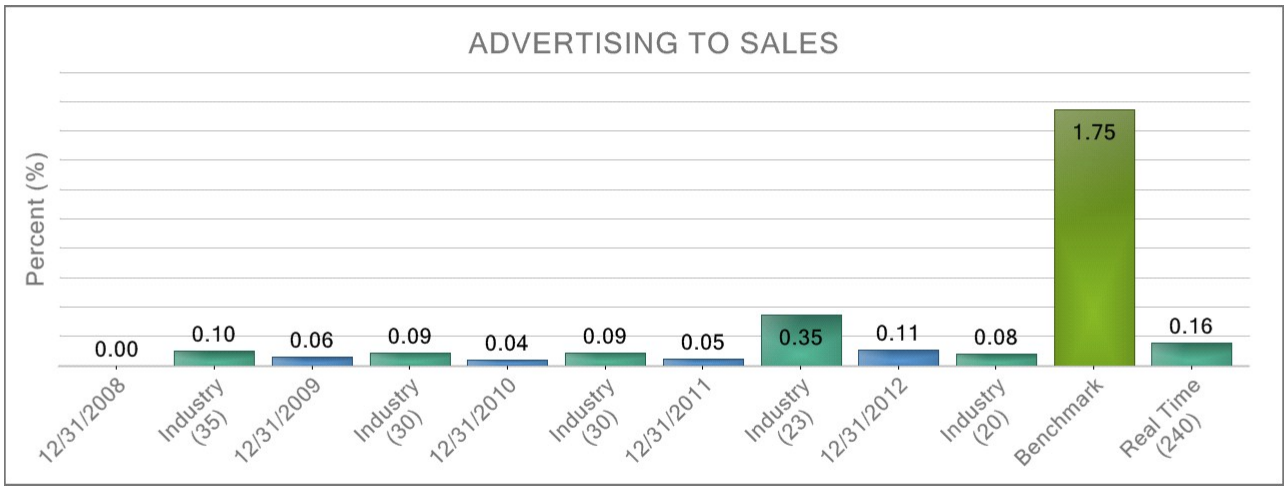


This number indicates the percentage of sales revenue that is not paid out in direct costs (costs of sales). It is an important statistic that can be used in business planning because it indicates how many cents of gross profit can be generated by each dollar of future sales. Higher is normally better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

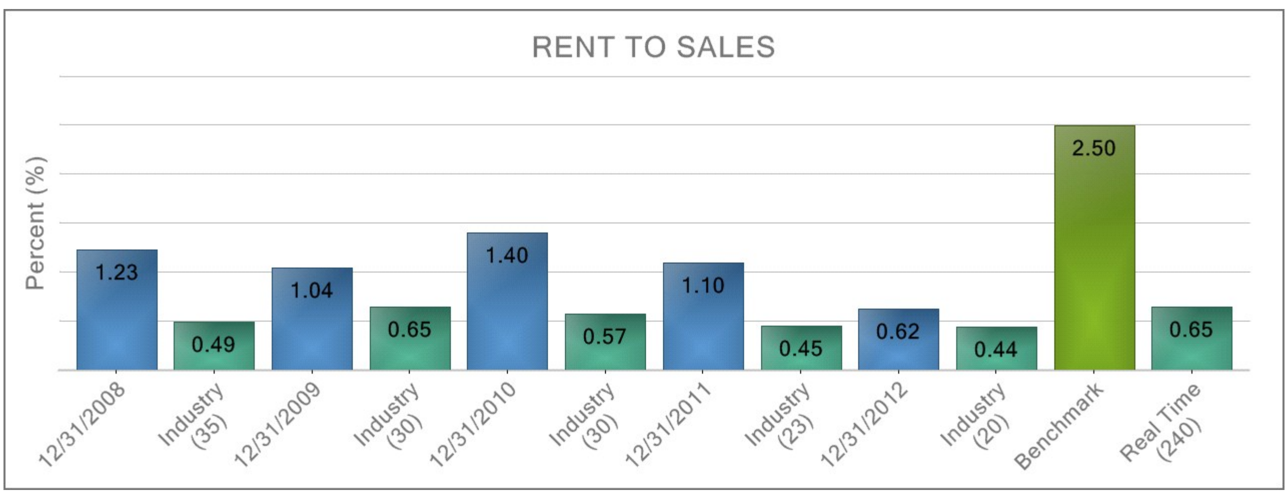
Exhibit A



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 company as a percentage of sales.



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