

REPORT

To: BOD of MMI

From: Business Analyst

Date: XXXXXXXXXXXX

Subject: Evaluating the benefits & risk of takeover including SAF

This report contain two part, first part being the benefits & risks of acquiring Boatland and First Leisure and the second part of the report focus on the SAF of Infotech.

First LeisureBenefits:

First Leisure is having issue with new leisure park due to increasing restrictive government planning legislation. Thus, MMI is able to use its quarries for this purpose to allow First Leisure to continue to achieve growth as these 'Brown Field' were exempted from planning permission. MMI also benefited from savings on cost to keep the closed quarry safe.

The existing market of mineral quarrying is nearly exhaust. Thus acquiring First leisure allows MMI to diversify from declining mkt to growing mkt. revenue n profit of first leisure increasing throughout the year

Risks:

MMI might not have relevant experience, knowledge and skill to manage First leisure bcos the two business are very different

BoatlandBenefit:

The acquiring of Boatland is able to support continue growth of First leisure as First leisure had difficulties in obtaining and maintaining boat where Boatland can provide such maintenance for First leisure. This would allow First leisure to save cost and Boatland to expand

Buying Boatland could help the co to exapnd its biz since it is perceied that Boatland mgr is under performing thus replacing them will give MMI an opportunity to growth.

Risk:

Boatland is manufacturing boat that is not suitable for use for leisure purpose, there is a mismatch between the type of boat required and the boat produced by Boatland. As a result maintenance cost increases.

Boatland start losing employee and customer due to the shift in focus bcos Boatland prioritise First Leisure over its customer thus in the long-run Boatland will lose more customer.

(ii)

Suitability

MMI has suffered from its previous acquisition of Boatland where they were unable to turnover the co. Thus, acquiring Infotech may end up with the same result given that MMI has no knowledge in turning around the co.

Acceptability

The acquisition of InfoTech may not be acceptable by the shareholder as InfoTech is not performing well and by acquisition it may affect the returns to them further_

Feasibility

MMI can only takeover Infotech if they have substantial cash to invest in Infotech. Clearly, for the takeover to be a success the CEO of Infotech has indicated the co need huge investment.

Another consideration before the takeover is Infotech is currently losing contract resulting in declining revenue thus taking over Infotech present added risk that the company is no longer competitive.

