EMERGING
Credit Rating Ltd

Agro Resources Limited

Credit Rating Report

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
December 31, 2012	December 30, 2013	Initial	BBB	ECRL-3	Stable

Year of Incorporation : March 16, 2011

Managing Director : Mr. Nazrul Islam

Authorized Capital : BDT 10.00 million

Paid up Capital : BDT 1.61 million

Non-Current Assets : BDT 3.95 million

Current Assets : BDT 41.37 million

Bank : Social Islami Bank Limited

Bank Loan : Working Capital Loan **BDT 10.00 million**
(As on November 11, 2012)

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Credit Analysis

Entity Rating

Entity Rating

2012 Initial Review

Agro Resources Limited

Major Rating Factors

Strengths

- Low cost of raw material
- Strong supplier relation
- Good geographic buyer concern
- Enjoying 15% subsidiary on exports.

Challenge Risks

- Political instability hampers production process and with supply chain
- Electricity problem hampered production process as no back up support
- Transportation problem hampered supply chain

Rationale

Emerging Credit Rating Limited (ECRL) has assigned **BBB** (pronounced as triple B) long term credit rating and **ECRL-3** short term credit rating to the Agro Resources Limited (from here on referred to as 'ARL' or 'the company'). The outlook of the rating is **Stable**. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, scale of business, quality of audited statements and data presentation, owner's relationship with different parties or stakeholder's of the business, owner's business experience, comparative strength of the group while assigning the rating. The rating is based on unaudited financial statement of 2009, 2010, 2011, 2012, Bank information and other relevant qualitative information up to the date.

Agro Resources Limited was incorporated as a private limited company on December 14, 2011 and registered under the Companies Act 1984. The Company is engaged in Manufacturing of bone processed products like Crush Horn Plates or Blonds, Buffalo and Cow Horn Tips, Horn Roundels, bone and horn buttons blanks, Coconut and wood button blanks, crushed horn and hooves, bone grist's and other related products. End users of ARL's are overseas fertilizer companies and local readymade garments industries.

Production capacity of ARL are crush horns & hooves 5.0 tons, Bone grist 2.0 ton, wood & coconut buttons 100,000 pieces, hones and bone buttons 40,000 pieces per day. Raw material purchase is generally done on contractual basis on which ARL's purchasing it with fixed price from its supplier. Its main raw material are horns and hooves of buffalo and cow, which are being collected from different sources from Bangladesh, for instance Dhaka Bone Mills, Kanchpur Bone Mills, Feni Bone Mills and Liakat Ali (Chitagong), Assagar Ali, Halim etc. Selling price of ARL's crush horns & hooves, bone grists varies between $ 350~581 per ton, various bone made button price varies between USD 6.50 ~7.50 per kg and coconut cum bone made button price varies between 0.22~1.35 cents per pieces.

ARL's revenue growth has declined during four financial years 2011-2012. As per discussion with management European government has imposed new law animal health regulations. While these products are traded freely within the EU, responsibility lies with each member state to ensure that products meet common animal and public health standards. Cost of Goods sold also increased in line with revenue growth and stood at BDT 30.31 million growth 51.54%. However ROA and ROE does not shows clear picture due to all unaudited financial statement has been provided.

Current ratio and quick ratio has shown improvement 3.87, 1.27 times respectively. Inventories, and trade receivables, bank borrowing in current liabilities has attributed major portion of the current ratio and in quick asset ratio which lead to increase in FY 2012. Increase in inventory by 145.50% percent and receivables by 9.0% were the key reason for the company's current asset ratio to improve from 1.26 times in FY 2011 to 3.87 times in FY 2012. However this figures could have been more better in presence of cash in hand and bank in FY 2011-2012. Cash conversion cycle stood at 288 days in FY 2012 as ARL's has to kept larger stocks of inventory to prevent prices hiking situation and to make raw material available in order to meet its supply requirements.

However CFO interest coverage and CFO debt coverage has significantly improved in FY 2012 compared to prior financial year and stood at 11.51 and 0.48 times respectively. Its capacity to pay interest expenses from its business operation and to meet its fixed financing obligation improved during the FY 2012. .

Agro Resources Ltd. has been banking with Social Islami Bank Limited (foreign Exchange Branch) since 2011. It working capital Bai-muazzal facility (Revolving basis) outstanding liability position was BDT 10.00 million out of loan limit BDT 10.00 million. The working capital facility was taken from SIBL to purchase raw material (Horns, Hooves, wastage of plastic, ABS pet flacks, pet yarn etc). ARL's has no occasion of missed installment payments since the banking relationship.

Exhibit 1: Financial Highlights: Agro Resources Ltd.

FYE : June	**2012**	**2011**	**2010**	**2009**
Revenue (BDT in millions)	40.60	32.58	62.44	48.55
Revenue Growth (%)	24.64	(47.82)	28.60	0.00
Cost of Goods Sold (BDT in Millions)	30.31	20.00	51.94	42.52
Cost of Goods Sold growth (%)	51.54	(61.49)	22.14	0.00
Net Profit After Tax (BDT in millions)	5.09	6.34	5.94	1.91
Gross Profit Margin (%)	25.35	38.31	16.82	12.42
Operating Profit Margin (%)	15.80	25.71	9.99	4.39
Net Profit Margin (%)	12.56	19.48	9.52	3.93
Current Ratio	3.87	1.26	2.09	2.91
Cash Conversion Cycle (Days)	288	181	64	27
Debt to Equity Ratio	0.31	2.13	0.62	0.34
Interest Coverage Ratio	14.48	6.30	47.60	21.30
ROA (%)	17.55	32.67	31.40	26.31
ROE (%)	23.45	54.26	44.66	31.59
CFO (BDT in Millions)	5.10	6.35	5.95	1.91

Data obtained from unaudited financial statements of 2009-2012.

A. BUSINESS DESCRIPTION

A.1. Company Background

Agro Resources Ltd. (hereafter called ARL or the company) was incorporated as a private limited company on December 14, 2011 registered under the Companies Act 1994 and incorporated bearing the registration no. C-91276/1. Its head office and factory situated at Notun BabuPara, Saidpur, Nilphamay. The business scopes of ARL's include import, export, and General merchant of Agro commodities. Currently entity is engaged in processing crush cattle horns & hooves and manufacture of buttons business in which 80 percent of its exports is done in overseas market and rests are in local markets. Entity is experienced in export of its products to overseas market which includes Germany, Italy, Japan, Korea, USA, Taiwan, Hong Kong, India, Lebanon, France, China etc. and enjoying 15% subsidiary on exports of its products worldwide. Trade License, & Tax Identification Number No. 424 dated 20/07/2010, 466-104-2900. In addition Entity also holding membership certificate of Nilphamary chambers of commerce & industry.

A.2. Procurement of Raw Material And Production Process Flow

ARL has huge demand of its products to overseas market. Procurement of its raw material is done 80 percent in local market and rests are from overseas market. Entities raw material requirement 600 MT per day with 5 procurement experts vested across different territory engaged in procurement activities to meet the daily production requirements. Production capacity of ARL are crush horns & hooves 5.0 tons, Bone grist 2.0 ton, wood & coconut buttons 100,000 pieces, hones and bone buttons 40,000 pieces per day. Raw material procurement is generally done on contractual basis on which ARL purchasing it with fixed price from its supplier. Its Main raw material are horns and hooves of buffalo & cow, which are being collected from different sources from Bangladesh for instance Dhaka bone mills, Kanchpur bone mills, Feni Bone mills and from Chittagong clients includes Liakat Ali, Assagar Ali, Halim etc. Raw material to finish good production process is shown as below

R/M Collection → Washing & cleaning → Crushing → Mixing and Granules → Final product

A.3. Product Portfolio and Pricing

ARL's Manufacturing wide range of Bone and Horn Plates or Blonds, Buffalo and Cow Horn Tips, Horn Roundels, bone and horn buttons blanks, Coconut and wood button blanks, crushed horn and hooves, bone grist's and other related products. Best users of ARL's are overseas fertilizer companies and local readymade garments industries.

B. INDUSTRY ANALYSIS

B.1. Livestock's & Raw Material Analysis

The rate of growth in the livestock sector is far from satisfactory. Around 6000 to 7000 cows and 200 to 400 goats had been sold in the market daily. Available data reveal that the country's cattle population showed an annual growth rate of 0.25 percent between 1960 and 1990 while the population grew at about 3 percent annually during the same period. About 80 lakh sacrificial animals have been slaughtered. More than 42 percent of the total rawhide is collected following the Eid-ul-Azha, around 10 percent each during the Eid-ul-Fitr and Shab-e-Barat, two percent during Kali Puja and the rest round the year, according to sources at the Department of Livestock.

Leather and leather products constitute one of the major exports of the country. According to Export Promotion Bureau, in 2010-2011 fiscal year, leather and leather products worth 353.25 million dollars and footwear worth 297.80 million dollars have been exported. Bangladesh exports finished leather and leather goods to a number of countries, including Italy, China, Taiwan, Japan and Hong Kong.

The sector fetched $353.25 million from exports in the last fiscal year, according to statistics of the Export Promotion Bureau year 2011. According to a Bangladesh Agricultural Research Council report, the country had a meat deficiency of 78.9 percent in the year 2007-2008 and per capita number of cattle — cow, goat or sheep — does not amount to one person's consumption needs. Under the circumstances, the supply-demand gap for animals for sacrifice increases during Eid-ul-Azha and local supply of livestock cannot satisfy the excess demand. As a result, the number of cows that are brought from India through informal channel rises; Indian export policy does not allow the export of live animals from India. Despite the restriction, cows continue to arrive from the neighboring country. According to a Border Guard Bangladesh official at Navaron Bazar, Jessore, the number of cows that arrived from India in August 2011 was 15,986 and in September 21,517.

B.2. Cattle Horn Products

Despite huge demand for buffalo horn made buttons in South Korea, Bangladesh cannot avail the export opportunity fully due to rampant smuggling of raw buffalo horns. Buffalo horn seems like trash at first look. Considering buffalo horns rubbish, the government also goes slack on stopping smuggling of the remains of buffaloes. But this ordinary thing can be a major item in export basket if the government takes steps to stop smuggling have got order from the South Korean MK International Company Limited to export unlimited volume of half-finished button, as per MA Chowdhury, managing partner of Trade Ties International.

Being convinced that Bangladesh has no mad cow disease, the Korean company has become interested to import buffalo horn made buttons from Bangladesh."But we are struggling to gather sufficient buffalo horns due to rampant smuggling. Bangladesh can earn Tk 10 crore a year by exporting half-finished button to South Korea. But it is possible to increase the export earnings to Tk 60 crore if there is no supply dearth of buffalo horns. He said even without any condition, the South Korean Company has expressed its interest to provide technical assistance to produce finished buttons here, which can further boost value added .government of Bangladesh to take immediate steps to stop the smuggling of the local buffalo horn and declare it a valuable asset. The local bone collectors are often reluctant to supply buffalo horns to the local market as they consider that smuggling these raw things into India is more profitable. A bone collector and trader of the city's Hazaribagh area said requesting anonymity that most of their bone supplies are booked in advance by Indian buyers.

Abdul Motalib, director of Department of Livestock Services (DLS), also acknowledged the smuggling of buffalo horn into India saying the government was not much concerned to curb the smuggling of buffalo horns thinking it trash."As our local entrepreneurs have started export of half-finished buttons by using buffalo horns, the government now must look into the problem. However Smuggling of buffalo horns into India would naturally subsidized when the country will start producing and exporting different items made from buffalo horn in a large scale.

According to Bangladesh Garment Accessories Manufacturers and Exporters Association (BGAMEA) in the last fiscal turnover of the locally manufactured accessories was $3.75 billion which is more than 15 per cent of the total export earnings in the FY '12. The BGAMEA President said they set a target to manufacture accessories worth $12 billion by the year 2018 as demand for locally made accessories in the international market is growing. So the growth is likely to be increased in the upcoming years.

90 per cent of the total requirements of accessories for the apparel exporters are being met locally and only 10 per cent is being imported. He said the locally made accessories have reduced lead time and the exporters can change the accessories for matching if they require. The plastic & organic accessories being manufactured locally are-- corrugated cartons, wooden buttons, zippers, and labels etc. which are an integral part of readymade garment export.

C. BUSINESS RISK ANALYSIS

The firm faces certain disadvantages which are faced by all other sole proprietorship business; the firm has a limited life span and access to external fund is limited.

As for operational deficiency the entity in discussion is faced by supply chain difficulties, as scares of raw material collector cattle horn trader offered fixed price for Buffalo horn, so due to less bargaining power of their products inflators are using Indian market as a secondary weapon to sell their products as more then local offered as result smuggle of animal horn and bone has increased in tremendous amount during this days.

Loadsheeding is another major problem which current SME industry is facing 4-5 hour load shedding yield zero productivity. However producers relied mostly on secondary power source which is power generator which is costs oriented and lead to bear additional production costs and become's cost ineffective.

Third foremost challenges nowadays producers facing political inability. Due to political disability strikes and offenses is taken place from time to times leaving unrest situation result hampered production process and missed timely delivery schedules. Apart from that the communication system Bangladesh yet to be improved as some export oriented SME located in ruler & remote area upon which they heavily relied on cities situation.

D. FINANCIAL RISK ANALYSIS

The rating process was based on qualitative aspects which are based on the company's policies in relation with the operating strategies, financial leverage, and ultimate financial goals of the companies. For this purpose of the overall financial risk assessment of the company, ECRL divided the financial portion into five different criteria which are Profitability Analysis, Liquidity Analysis, Cash flow Analysis, Asset Management, Capital Structure, and overall Financial Flexibility. Detailed analysis is presented below:

D.1. Profitability

Exhibit 2: Selected Indicators: Agro Resources Ltd.

FYE : June	2012	2011	2010	2009
Revenue (BDT in millions)	40.60	32.58	62.44	48.55
Revenue Growth (%)	24.64	(47.82)	28.60	0.00
Cost of Goods Sales (BDT in Millions)	30.31	20.00	51.94	42.52
Gross Profit (BDT in millions)	25.35	38.61	16.82	12.42
Operating Profit (BDT in millions)	6.41	8.38	6.24	2.13
Profit before Tax (BDT in millions)	5.97	7.04	6.10	2.03
Net Profit After Tax (BDT millions)	5.09	6.34	5.94	1.91
Gross Profit Margin (%)	25.35	38.31	16.82	12.42
Operating Profit Margin (%)	15.80	25.71	9.99	4.39
Net Profit Margin (%)	12.56	19.48	9.52	3.93
ROA (%)	17.55	32.67	31.40	26.31
ROE (%)	23.45	54.26	44.66	31.59

Data obtained from unaudited financial statements of 2009-2012.

ARL's revenue growth has fluctuated during four years financial performance. However in FY 2012 was significantly better than FY 2011 revenue recorded BDT 40.60 million around 24.64% growth as compared to FY 2011. A positive impact of business expansion by introduction of new products with existing business was underlying reason for the changes. The reflection also found cost of goods & OPM, NPM which fluctuated throughout the year and shown positive reflection compared to prior year which 51.54%;12.56%;3.87%; respectively. However ROA and ROE does not shows clear picture due missing cash and bank balances and understated payables and missing components in financial statements FY 2011-2012.

D.2. Liquidity Analysis & Cash-flow Coverage

Exhibit 3: Selected Indicators: Agro Resources Ltd.

FYE : June	2012	2011	2010	2009
Cash Ratio	0.00	0.00	0.01	0.12
Current Ratio (x)	3.87	1.26	2.09	2.91
Quick Assets Ratio (x)	1.27	0.66	0.78	1.75
Days Receivables (days)	117	105	35	22
Days Payables (days)	64	135	30	15
Inventory Turnover (days)	235	211	58	20
Cash Conversion Cycle (days)	288	181	64	27
CFO (BDT in millions)	5.10	6.35	5.95	
CFO Interest Coverage (x)	11.51	4.78	45.41	
CFO debt coverage (x)	0.48	0.34	0.66	

Data obtained from unaudited financial statements of 2009-2012.

Liquidity position of the firm has sound good as current ratio and quick ratio has shown tremendous growth 3.87; 1.27 times respectively. Inventories, and trade receivables, bank borrowing has attributed major portion of the current ratio and in quick asset ratio which further lead to increase in FY 2012. Increase in inventory by 145.50% percent receivables by 9.0% was the main reason for the company's current asset ratio to improve from 1.26 times in FY 2011 to 3.87 times in FY 2012. As entities has recorded higher quick asset ratio in FY 2012. However this figures could have been more better in presence of cash in hand and bank in FY 2011-2012. Cash conversion cycle stood at 288 days in FY 2012 which is significantly higher than previous year. ARL has to kept larger stocks of inventory to prevent prices hiking situation and to make available of its raw material and in order to meet its supply requirements timely manner.

Entities cash flow form operation recorded higher portion 6.35 times in FY 2011 which shows entities is enable to generate cash inflow 6.35 times then its outflow from business operation. However CFO interest coverage and CFO debt coverage has significantly improved as compared to prior year which is 11.51, 0.48 times respectively. Nevertheless its indicates entities capability to meet its fixed financing obligation 11.51 times as its come to due.

D.4. Leverage & Capital Structure

Exhibit 5: Selected Indicators: Agro Resources Ltd.

FYE : June	2012	2011	2010	2009
Debt-to-Equity (x)	0.31	2.13	0.62	0.34
OPBITDA Interest Coverage ratio (x)	14.48	6.30	47.60	21.30
Total Liabilities to Total Assets (x)	0.24	0.68	0.38	0.25
Short Term Debt Ratio (x)	1.91	1.25	-	-
Debt to OPBITDA (X)	1.67	2.24	1.44	1.92
Debt Coverage Ratio (X)	0.60	0.40	0.69	0.52

Data obtained from unaudited financial statements of 2009-2012.

Entity has recorded highest OPBITDA to interest coverage in FY 2012 resulted 14.48 times compared to prior year which was 6.30 times in FY 2011, shows its profit from operation can settle 14 times of bank finance charges. Entities Debt to equity stood at 2.13 times in FY 2011 which has reduced to 0.31 times in FY 2012. However introduction of working capital bank finance resulted in higher debt in the firm's capital structure than its equity in FY 2011. However being capital intensive business ARL's capital requirement is usually high. Debt equity ratio decreased from 2.13 times in the FY 2011 to 0.31 times in FY 2012, ARL's managed to improve its leverage ratio 0.31 times in FY 2012 thus reduced its debt burden over the time. The firm's total liability to total asset has improved significantly from prior year from 0.24 times of FY 2012 to 0.68 times in FY 2011 which depicts high debt paying ability and leaving enough cushions for its creditor.

D.5. Bank Facilities & Credit History

Exhibit 6: Bank Facility: Agro Resources Ltd. (As on November 11, 2012)

Bank	Mode	Existing outstanding			Total limit
		2012	**2011**	**2010**	
Social Islami Bank Limited.	Bai Muazzal (Com) Revolving	10.00	8.87	Nil	10.00
Grand Total (BDT in Millions)		**10.00**	**8.87**	**-**	**10.00**

Agro Resources Ltd. has availed BDT 10.00 million working capital Bai-muazzal facility (Revolving basis) out of Loan Limit BDT 10.00 million utilized 100%. The working capital facility were taken from SIBL to purchase raw material (Horns, Hooves, wastage of plastic, ABS pet flacks, pet yarn etc) The bank facility is availed from Social Islami Bank Ltd., foreign Exchange Branch, where the entity has been banking from August 5, 2009 with no occasion of missed installment payments.

D.6. Collateral

The entity has kept registered mortgage in respect to the bank facility availed from Social Islami Bank Limited., foreign exchange branch. The Table below illustrates its market value (MV) and forced sale value (FSV) as valued by Social Islami Bank Limited, with inspection & consultant, Haque & Associates, at BDT 18.91 million (MV) & BDT 14.87 million (FSV) sought by SIBL. In addition to the registered collateral, personal guarantee of proprietor, post dated check and lien over goods have been managed to the worth of BDT 10.00 million.

Exhibit 7: Registered List of collateral for the Bank facility **(Amount in BDT Million)**

SL.	Particulars	MV	FSV
01.	39.0 decimal land with existing semipacca factory building (partially completed & along part boundary wal, Mauza: 'kundol' J.L #6, Khatian: S.A: 50/3, 67,191 B.S:502.334, S.R.O & Thana: Saidpur district Nilphamari, owned by Mrs. Sufia khatoon & Nazrul Islam.	3.12	2.34
02.	396.0 decimal land at Mauza 'Kondol' J.L # 6, Khatian: S.A, SRO & Thana Saidpur District : Nilphamari, owned by Mrs. Sufia Khatoon and Mr. Nazrul Islam	13.86	11.08
03.	21.50 decimal land at Mouza-subondi,Ashulia, Savar, Dhaka, owned by Mrs. Sufia Khatoon.	1.93	1.45
	Grand Total	**18.91**	**14.87**

E. MANAGEMENT AND OTHER QUALITATIVE FACTORS

The management of the company is headed by the Chairman, Ms. Sufia Khatoon having 10 years and the Managing Director, Mr. Nazrul Islam having 25 years, Mr Md. Saiful Islam having 7 years of business experience in handicraft and SME industry. In company hierarchy is followed by chairman, Managing Director and Director. The total workforce of the company is made up of 111 employees- 7 people are in management and administration, Direct labor in factory 90 employees, 3 employees are in mechanical section. ARL's factory employee further classified as skilled and unskilled labor of which 5 skilled and 6 unskilled employees working simultaneously in different sections to achieve organization objectives. ARL's has its insurance coverage on its godown in its warehouse against fire and burglary risk from Central Insurance Company Limited which is valid till 04/04/2013.

CORPORATE INFORMATION

Share Holders

Ms. Sufia Khatoon	Chairman	Share 35%
Md. Nazrul Islam	Managing Director	Share 25%
Md. Saiful Islam	Director	Share 25%
Md. Safirul Islam	Director	Share 15%

Corporate Office & Contact Person

Corporate : Notun BabuPara, Saidpur, Nilphamay

Contact person : Mr. Nazrul Islam E-mail : kisangbl@yahoo.co.in

Contact Number : 01712206050

Banker Information : Social Islami Bank Limited (Corporate Branch)

Contact No. : Mr. Majumdar Burhan Azim (FAVP & Investment Incharge)

E-mail : info@sibl-bd.com

Contact Number : 01712263133

LIST OF ABBREVIATIONS

ECRL	Emerging Credit Rating Limited	**CCC**	Cash Conversion Cycle
COGS	Cost of Goods Sold	**CFO**	Cash Flow from Operation
ROA	Return on Asset	**ARL**	Agro Resources ltd.
ROE	Return on Equity		

AGRO RESOURCES LTD.

BALANCE SHEET

(Amount in BDT Million)

FYE : June	**2012**	**2011**	**2010**	**2009**
NON-CURRENT ASSETS				
Fixed And Operating Assets	3,956,000	3,956,000	3,956,000	2,947,000
Other Non-Current Assets	0	0	750,000	1,300,000
	3,956,000	3,956,000	4,706,000	4,247,000
CURRENT ASSETS				
Inventories	27,780,000	11,317,750	11,800,000	4,750,000
Trade Receivables	13,594,000	12,473,000	6,350,000	5,750,000
Cash And Bank Balances	0	0	669,064	1,444,104
	41,374,000	23,790,750	18,819,064	11,944,104
CURRENT LIABILITIES				
Borrowings	10,000,000	8,879,000	4,200,000	500,000
Trade Payables	704,572	10,000,000	4,800,000	3,600,000
	10,704,572	18,879,000	9,000,000	4,100,000
NET CURRENT ASSETS/(LIABILITIES)	30,669,428	4,911,750	9,819,064	7,844,104
	34,625,428	**8,867,750**	**14,525,064**	**12,091,104**
FINANCED BY :				
SHAREHOLDERS' EQUITY				
Share Capital	21,335,654	676,750	12,681,064	10,191,104
Reserves	0	0	0	0
Retained Profits/(Losses)	13,289,774	8,191,000	1,844,000	1,900,000
	34,625,428	8,867,750	14,525,064	12,091,104
	34,625,428	**8,867,750**	**14,525,064**	**12,091,104**

AGRO RESOURCES LTD.
PROFIT AND LOSS ACCOUNT

(Amount in BDT Million)

FYE: June	**2012**	**2011**	**2010**	**2009**
Revenue	40,603,050	32,576,000	62,435,000	48,550,000
Less : Cost Of Sales/Services	(30,308,352)	(20,000,000)	(51,935,000)	(42,520,000)
Gross Profit	10,294,698	12,576,000	10,500,000	6,030,000
Less : Operating Cost	(3,880,438)	(4,200,000)	(4,265,000)	(3,900,000)
Profit/(Loss) From Operations	6,414,260	8,376,000	6,235,000	2,130,000
Net Finance Costs	(443,000)	(1,329,000)	(131,000)	(100,000)
Profit/(Loss) Before Tax	5,971,260	7,047,000	6,104,000	2,030,000
Tax Expense	(872,486)	(700,000)	(160,000)	(120,000)
Profit/(Loss) After Tax	5,098,774	6,347,000	5,944,000	1,910,000
Profit/(Loss) After Tax	5,098,774	6,347,000	5,944,000	1,910,000
Net Profit/(Loss) For The Year	5,098,774	6,347,000	5,944,000	1,910,000

Data obtained from unaudited financial statements of 2009-2012.

ENTITY RATING SYMBOL

LONG-TERM RATINGS	
ECRL's Long-Term Ratings are assigned to debt with maturities of more than one year. These debt ratings specifically assess the likelihood of timely repayment of principal and payment of interest over the term to maturity of such debts.	
RATING	DEFINITION
AAA	Indicates that the ability to repay principal and pay interest on a timely basis is extremely high.
AA	Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.
A	Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BBB	This grade indicates an adequate capacity to repay principal and pay interest. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BB	This rating suggests that likelihood of default is considerably less than for lower-rated issues. However, there are significant uncertainties that could affect the ability to adequately service debt obligations.
B	Indicates a higher degree of uncertainty, and therefore, greater likelihood of default. Adverse developments could negatively affect repayment of principal and payment of interest on a timely basis.
C	High likelihood of default, with little capacity to address further adverse changes in financial circumstances.
D	Payment in default.

Notes: *Long-Term Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories. Bank-guaranteed issues will carry a suffix (bg), corporate-guaranteed issues, a (cg), issues guaranteed by a financial guarantee insurer (FGI), an (fg), and all other supports, an (s) when such guarantees or supports give favorable effect to the assigned rating.*

SHORT-TERM RATINGS	
ECRL's Short-Term Ratings are assigned to specific debt instruments with original maturities of one year or less, and are intended to assess the likelihood of timely repayment of principal and payment of interest.	
RATING	DEFINITION
ECRL - 1	The highest category; indicates a very high likelihood that principal and interest will be paid on a timely basis.
ECRL - 2	While the degree of safety regarding timely repayment of principal and payment of interest is strong, the relative degree of safety is not as high as issues rated ECRL-1.
ECRL - 3	This grade indicates while the obligation is more susceptible to adverse developments, both internal and external, the capacity to service principal and interest on a timely basis is considered adequate.
ECRL - 4	This rating suggest likelihood of default is considerably less than for lower rated issues but faces significant uncertainties that could impact its financial commitment on the obligation.
ECRL - 5	High likelihood of default, with little capacity to address further adverse changes in financial circumstances.
ECRL - 6	Payment in default.

Notes: *Short-Term Ratings will also carry a suffix (bg) for bank-guaranteed issues, (cg) for corporate-guaranteed issues, (fg) for FGI-guaranteed issues, and (s) for all other supports when such guarantees or supports give favorable effect to the assigned rating.*

Rating Outlook	
ECRL's Rating Outlook assesses the potential direction of the Corporate Debt Rating over the intermediate term (typically over a one to two-year period). The Rating Outlook may either be :	
POSITIVE	Which indicates that a rating may be raised;
NEGATIVE	Which indicates that a rating may be lowered;
STABLE	Which indicates that a rating is likely to remain unchanged; or
DEVELOPING	Which indicates that a rating may be raised, lowered or remain unchanged.