CORPORATE RATING REPORT

AOS ORWELL GROUP

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February, 2023

AOS ORWELL GROUP

Long-Term Rating:

BBB

Short Term Rating: A2
Rating Outlook: Stable
Trend: Up
Currency: Naira
Date Issued: 2 Feb., 2023
Valid Till: 1 Feb., 2024

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

EXECUTIVE SUMMARY

	2021 ₦ '000	2020 ₦ '000	2019 ₦ '000	2018 ₦'000
Revenue	22,001,982	18,251,210	24,228,252	21,204,210
Pre-tax-Profit	1,012,993	(628,918)	3,030,813	1,133,309
Total Assets	40,155,110	36,696,800	40,200,154	38,080,736
Equity	26,127,944	23,806,639	27,801,476	12,410,480
Total Liabilities	39,051,310	36,040,201	43,935,353	40,879,643
Non-Current Assets	28,823,134	26,432,888	28,144,228	30,174,906

NB: Figures were extracted from Special Purpose Consolidated and Separate Financial Statement

Rating Explanation

The Short-Term Rating of **A2** indicates ***Fair Credit Quality*** and adequate capacity for timely payment of financial commitments.

The Long-Term Rating of ***BBB*** indicates ***Slight Risk***. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by ***DataPro***. This Company, in our opinion, has the ability to meet its ongoing obligations, but its financial strength is vulnerable to adverse changes in economic conditions.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information was obtained from the Group's Audited and Management Accounts.

The risk factors were assessed using the Group's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors:

- Good Revenue Profile
- Good Project Experience
- Good Clientele Base
- Leverage on Parent Company Support

Negative Rating Factors:

- High Sector Volatility
- Weak Profitability

BACKGROUND

AOS Orwell Group ("the Group") presently comprises of the Parent Company, three (3) wholly owned Subsidiaries as well as a Joint Venture.

The detail of the Group is as follows:

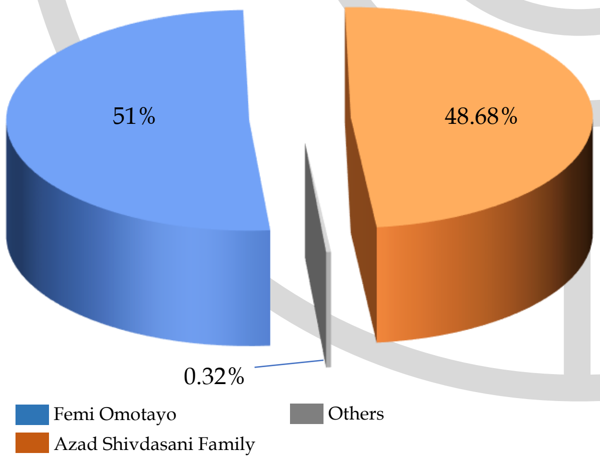
NO.	COMPANY NAME	NATURE OF UNDERTAKEN	METHOD OF ACCOUNTING	% EQUITY INTEREST
1.	AOS Orwell Limited	Parent	-	-
2.	Oiltools Africa Limited	Subsidiary	Acquisition	100%
3.	Titan Tubular Nigeria Limited	Subsidiary	Acquisition	100%
4.	Purpose Specialize Limited	Subsidiary	Acquisition	100%
5.	Crestville Property Development Ltd	Joint Venture	Equity	50%

The Parent Company within the Group is ***AOS Orwell Limited.*** It was incorporated on the 15th of December, 1981 as a ***Private Limited Company*** and commenced operations in the same year.

The Group has grown through organic expansion and strategic Merger and Acquisitions. It is one of the leading indigenous oilfield services companies providing services to the major upstream Oil & Gas operators in Nigeria.

The Business Model of the Group involves: ***Exploration, Development, Production and Decommissioning***. Each of the members of the Group specializes in at least two of the Group's line of businesses.

ANALYSIS OF SHAREHOLDING STRUCTURE



Source: *AOS Orwell Limited*

In order to manage the volatility in the Oil and Gas sector, the Group is also involved in non-oil drilling services. Its non-drilling related services is offered to operators within Oil and Gas, Engineering, Petrochemical, Cement and Manufacturing sectors both in Nigeria and Ghana.

The Group is ultimately owned by ***Azad Shivdasani family (48.68%)*** and ***Femi Omotayo (51%).*** The balance of the Shares amounting to 0.32% of the total are held by other minority Shareholders.

DIRECTORS' PROFILE

The Directors that served during the year are: ***Azad Shivdasani*** – Chairman; ***Femi Omotayo***; ***Gopinathan Chemmenkotil; Akeem Ariyo; Onochie Onyetenu; Charlotte Essiet; Anthony Nwosu*** and ***Anand Bhatia.***

The Directors' profile is as follows:

1. **Name:** Azad Shivdasani
   Position: Chairman
   Profession: Politics & Economic Expert
   Education: • Oxford University
   Job Experience: • Africa Oilfield Services Ltd.

2. **Name:** Femi Omotayo
   Position: Managing Director
   Profession: Entrepreneur
   Years of Experience: Over 28 years
   Education:
   - B. Sc – University of Dundee, UK
   - M. Sc – Imperial College London
   - MBA – University of Aberdeen

   Job Experience:
   - AOS Orwell Ltd.
   - Talisman Energy
   - Shell

3. **Name:** Gopinathan Chemmenkotil
   Position: Executive Director
   Profession: Chartered Accountant
   Years of Experience: Over 27 years
   Education:
   - Calicut University, Kerala, India
   - India Institute of Chartered Accountants
   - Stanford Business School
   - CEP Programme, Lagos Business School

   Job Experience: • AOS Orwell Ltd.

4. **Name:** Akeem Ariyo
   Position: Executive Director
   Profession: Engineer
   Years of Experience: Over 24 years
   Education:
   - Kwara State Polytechnics, Ilorin, Kwara State
   - B. Sc in Mechanical Engineering
   - MBA in Mechanical Engineering

   Job Experience:
   - AOS Orwell Ltd
   - Schlumberger

5. **Name:** Onochie Onyetenu
   Position: Executive Director
   Profession: Sales/Marketing Professional
   Years of Experience: About 30 years
   Job Experience: • AOS Orwell Ltd.

6. **Name:** Charlotte Essiet

Position: Director – Corporate & Regulatory Affairs
Profession: Engineer
Years of Experience: Over 16 years
Education:
- B.Sc. – Lagos State University
- MBA – Manchester Business School
- MBA – Stanford Business School

Job Experience:
- AOS Orwell Ltd.
- Baker Hughes
- Halliburton

7. **Name:** Anthony Nwosu
Position: Leader, Wellbore Construction & OAL/TTNL Division
Profession: Senior Manager
Years of Experience: Over 16 years
Education:
- Federal University of Technology, Owerri, Nigeria

Job Experience:
- AOS Orwell Ltd.

8. **Name:** Anand Bhatia
Position: Leader, Process Management Division
Profession: Marketing Professional
Years of Experience: Over 14 years
Education:
- Post Graduate Diploma in Marketing Management
- Master's Degree in Science

Job Experience:
- AOS Orwell Ltd.

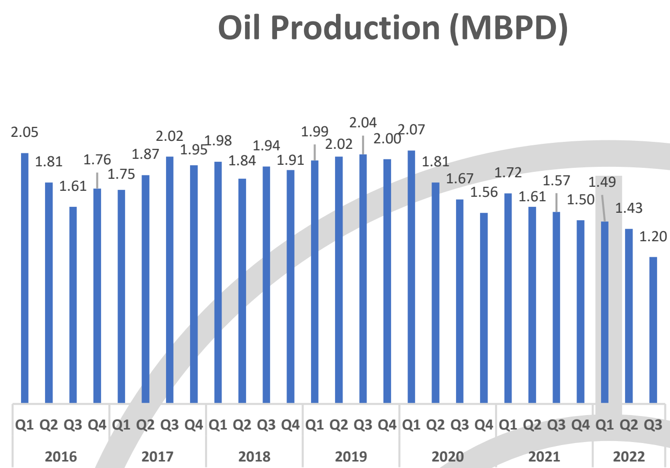
SECTOR REVIEW

Nigeria is the leading economy in Africa. It has a population of over 200 million people. The Country's Gross Domestic Product grew by 2.25% in the third quarter of 2022. However, this was a 1.78% decline compared to the 4.03% growth recorded in Q3 2021.

The Oil and Gas Sector of the Economy contributed 5.66% to the GDP in real terms. The Oil sector declined by 22.67% (year-on-year) in Q3 2022 indicating a decrease of 11.94% points relative to the rate recorded in the corresponding quarter of 2021. It also decreased by 10.91% points when compared to Q2 2022.

Nigeria in the third quarter of 2022 recorded an average daily oil production of 1.20 million barrels per day. This is lower than the daily average production of 1.57mbpd recorded in the same quarter of 2021.

The Oil Sector plays a key role in the economic growth of the country. Within the Oil industry, the Upstream and the Downstream subsectors are the most lucrative. Specifically, the Nigerian Upstream Petroleum Regulatory Commission now supervises the Sector. However, the Midstream and Downstream Petroleum Regulatory Authority (MDPRA) is responsible for the Midstream and Downstream Petroleum operations. The ***MDPRA*** ensures the accuracy of metering pumps including regulating the domestic base price of wholesale Petroleum products.



Source: *National Bureau of Statistics*

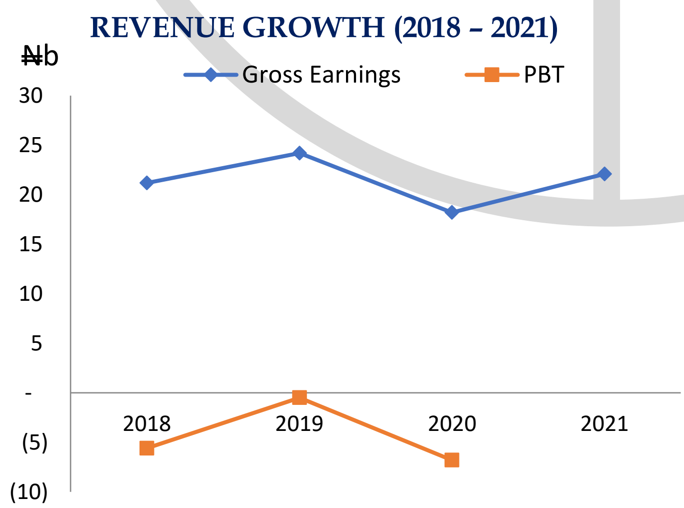
Nigeria's Oil Sector has been in recession since 2020 due to the impact of Covid 19. Therefore, it has missed out on the opportunity of ramping up economic growth to over 5% in the international market.

As a continuous effort to improve and regulate the Oil Sector in the Country, the ***Petroleum Industry Act (PIA) 2021*** was established by the Federal Government. The Act seeks to encourage investment in the Nigerian Petroleum Industry as well as providing a forward-looking fiscal framework for the Oil Sector.

Despite the opportunities provided by the Russian-Ukraine war, Oil production in Nigeria in 2022 sunk as a result of theft and vandalism, thereby disrupting the country's production. The Federal Government is trying to adopt a more intentional strategy to see crude production recover some lost ground.

The future of the country's refining landscape looks promising in 2023 once the 650,000 barrels per day, ***Dangote Refinery*** in Lagos comes on stream.

FINANCIAL PERFORMANCE



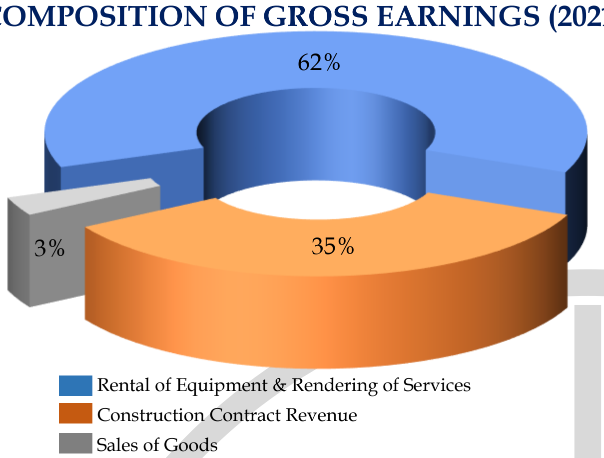
Source: *AOS Orwell Limited*

The Group reported a Revenue increase of 21% in the year 2021. The enhanced performance of the Group in the year ended 2021 compared to the prior year is largely attributable to the market improvements following the rise in oil price and increase in rig activity.

Earnings were largely drawn from three main sources: Sales of Goods, Rental of Equipment & Rendering of Services including Construction Contract. Revenue earned from the

Rental of Equipment & Rendering of Services contributed the most to the Group's Turnover. This source constituted 62% of the Revenue and recorded a growth of 48% from ₦9.2b (Yr.20) to ₦13.6b (Yr.21).

COMPOSITION OF GROSS EARNINGS (2021)



Source: *AOS Orwell Limited*

However, Revenue accruing from Sales of Goods declined significantly in the year 2021. It went down from ₦3b (Yr.20) to ₦0.6b (Yr.21).

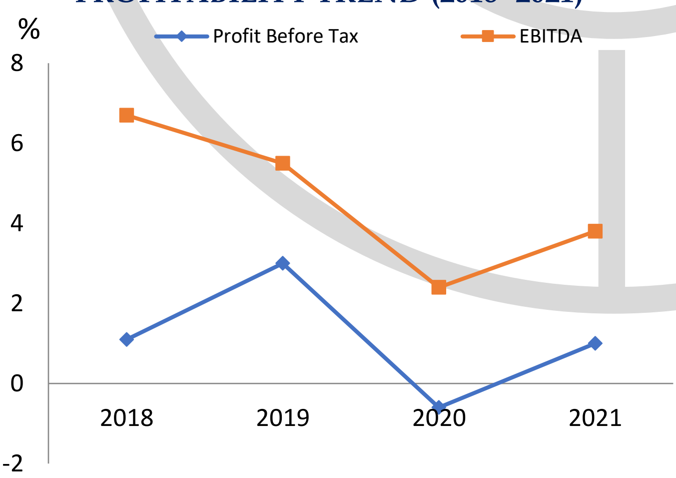
Aside the main Revenue sources, the Group derived Income from Mark-up on reimbursable expense amounting to ₦343m. Therefore, the Group's overall Earnings increased from ₦18.2b (Yr.20) to ₦22.1b (Yr.21).

As at the period ended January – September 2022 the Gross Revenue earned by the Group totaled $34.6m.

PROFITABILITY

In the Audited Financial Statements made up to financial year end 2021, the Group recorded loss consistently over a period of five years. However, in its revised report showing Addendum to Financial Statements for the period 2017 – 2021, it reported profits in three out of five years.

PROFITABILITY TREND (2018 -2021)



Source: *Special Purpose Consolidated and Separate Financial Statement*

The major factors responsible for the losses recorded in the Financial Statements were increase in Depreciation Charge which overstated Cost of Sales as well as Finance Costs which increased Operating Expenditure. Other factor includes Exchange Rate Influence on Financial Charge relating to Convertible Shareholders Loan. The Shareholders Convertible Notes are now derecognized and added back to the Shareholders Fund as part of the Group's Equity. Following these adjustments, the Group recorded a Profit after Tax of ₦1.3b as against the Loss of ₦1.9b stated in the Audited Financial Statements.

RECONCILIATION SCHEDULE ON PROFIT BEFORE TAX

	2021 ₦ '000	2020 ₦ '000	2019 ₦ '000	2018 ₦'000	2017 ₦'000
Depreciation based on evaluation basis	1,995,300	2,217,761	2,171,059	4,986,077	5,236,650
Dep. Based on Cost basis	127,227	121,169	503,139	743.371	845,505
Increase in Dep.	1,868,073	2,096,592	1,667,920	4,242,706	4,391,145
Cost of Sales as per AFS	18,031,106	15,485,064	19,057,908	19,091,983	13,185,855
Less: Increase in Dep	(1,868,073)	(2,096,592)	(1,667,920)	(4,242,706)	(4,391,145)
Cost of Sales as per Special SPFS	16,163,033	13,388,472	17,389,988	14,849,277	8,794,710

Source: Special Purpose Consolidated and Separate Financial Statement

CAPITALIZATION

The Group's Share Capital and Premium remained unchanged from the 2021 position of ₦98.2m and ₦95.5m respectively. However, Foreign Currency Translation Reserve increased while Revaluation Reserve declined in the year 2021. On account of Net Loss After Tax recorded during the year, Equity of the Group slightly declined by 4% from ₦18.2b (Yr.20) to ₦17.4b (Yr.21).

The adjustment to the Cost of Sales, Operating Expenditure and Shareholders' Loan impacted on the Group's Equity in the year 2021. Therefore, Adjusted Equity was ₦26.2b.

Total Assets grew by 9% from ₦41.4b (Yr.20) to ₦45.2b (Yr.21). The increase is largely due to the acquisition of additional Property, Plant & Equipment (PPE) and growth in Contract Assets.

PPE accounted for the most significant portion of Total Assets. It represented about 45% of the total value and grew from ₦18.5b (Yr.20) to ₦20.1b (Yr. 21). Other significant components of Total Assets include: Receivables, Intangible Assets & Goodwill, Inventories and Contract Assets. These accounted for 54% of the Total Assets.

The Group made investment in ***"Crestville Property Limited"*** as a Joint Venture and the value of this investment amounted to ₦21m as at December 31, 2022.

Equity as a proportion of Total Assets increased to 31% as at the year ended 31, December 2021 as against 12% (Yr.20).

The total value of Assets of the Group as at the period ended 30th September, 2022 stood at $123.9m.

LIQUIDITY

The Group's Total Liabilities was ₦39.7b in the year 2021, representing a 9% increase from the prior year balance of ₦36.6b. The increase can be attributed to the growth in most of its components which were largely Non-Current in nature. The Non-Current portion of the Group's Total Liabilities in the year 2021 amounted to 53% of its Total Obligations. The major component of the Non-Current Liabilities was the Loan Notes issued to the former minority owners of ***Africa Oilfield Services Limited*** as a post-merger consideration of their interest. This accounted for about 51% of Total Liabilities.

Among the major components of the Group's interest-bearing obligations was Loan obtained from Shareholders. The balance of this Loan stood at ₦5.6b in the year ended 2021. This obligation is associated with the ***"Shareholders' Guarantee Agreement"*** entered into in 2017. The final repayment date of this Loan was on 30th June, 2022. However, the tenure of this loan has been extended to 2031.

Other significant Obligations of the Group were Trade & Other Payables including Loans & Borrowings of ₦6.7b and ₦3.8b respectively. Trade Payables were majorly Liabilities associated with third parties as well as current statutory obligations for pension contribution and Industrial Training Funds. Amount due to related parties only represented 5% of the Total Payables of the Group in the year 2021.

The Company generated a negative Cash-Flow from its operating activities in the year 2021 and this amounted to ₦2b. The ability to settle Short-term Obligations using its most Liquid Assets was 84% (Yr. 21) as against 88% (Yr. 20).

ASSET UTILITY

The Group has several machineries it uses for operations in the ordinary course of its business. Such include: ***Drilling Tools, Tubular, Jars as well as Float and Cementing Aids.***

In the year 2021, the Group's Total Assets increased by 9% from ₦41.4b (Yr.20) to ₦45.2b (Yr.21). Similarly, its Revenue increased by 21%. However, the ability of the Group to effectively use its Assets to generate Revenue dropped in the year 2021.

PARENT COMPANY

AOS Orwell Limited ("The Parent Company") was formerly known as ***Africa Oilfield Services Limited*** up until May 13, 2011. It was incorporated as a Private Limited liability ***Company*** on the 15th of December, 1981.

The Company is principally engaged in Oil and Gas services. It specializes in the rental of drilling and fishing tools as well as sale and service of oilfield equipment. Other activities of the Company include: ***provision of fabrication services, process control and automation to the Oil and Gas industry.***

In order to support its business, the Company partnered with Original Equipment Manufacturers (OEMs). These partners include: ***Hoerbiger, Eaton, Emerson, Det – Tronics, Tercel, JFE, Metal One, FMC, Larsen and Toubro***. The purpose of the partnership is to act as distributor and representative of the brands in Nigeria.

The customer portfolio of the Company includes established operators within the Oil and Gas Sector in Nigeria. These include: ***Shell, Agip, Mobil, Chevron, Total, Conoil, Sahara Energy, Seplat, Addax Petroleum and Energia Limited***.

AOS ORWELL LIMITED INVESTMENT IN NIGERIA

S/N	SERVICE	TECHNOLOGY/INVESTMENT
1.	CasedHole Wireline	Purchased
2.	Open Hole Wireline	Alliance with WFT
3.	Pipe Recovery	Purchased
4.	CTR	Purchased
5.	Machining, Welding & Fabrication	Purchased
6.	Wellhead Supply, Installation & Maintenance	Alliance with FMC Technologies
7.	Rentals of drilling tools; Jars & Drill Pipes	Purchased
8.	Fishing, Remedial & Whipstock	Purchased
9.	Directional Drilling, GMWD & GYRO	Purchased - Top – hole
10.	OCTG & Conductor Casing Manufacturing	Purchased
11.	State-of-art operating Base in PHC (46,000sqm)	Purchased
12.	Training Centre	Alliance with EMERSON
13.	Cabinet Manufacture & Metering	Alliance with EMERSON
14.	Process Automation, Instrumentation & Controls, Valve Repair	Alliance with EMERSON
15.	Fire & Gas Detection Systems	Alliance with DETRONICS
16.	Metering Skid Manufacturing (LACT Units)	Alliance with EMERSON
17.	Valve Management Centre	Alliance with FISHER

Source: *AOS Orwell Limited*

KEY FINANCIAL INDICATORS

Item Year	Gross Earnings ₦ '000	PBT ₦ '000	Total Assets ₦ '000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2021	20,303,467	(2,850,887)	40,155,110	1,103,800	39,051,310	28,823,134
2020	16,580,958	5,066,415	36,696,800	656,599	36,040,201	26,432,888
2019	18,012,798	(534,698)	40,200,154	(3,735,199)	43,935,353	28,144,228
2018	13,861,233	(7,630,910)	38,080,736	(2,798,907)	40,879,643	30,174,906
2017	11,514,766	(9,129,773)	34,868,615	3,750,803	31,117,812	23,765,740

Source: *A0S Orwell Limited*

OILTOOLS AFRICA LIMITED

Oiltools Africa Limited is a Private Limited Liability Company incorporated on the 7th of August, 2009 and is primarily regulated by the ***Nigerian Upstream Petroleum Regulatory Commission (NUPRC).***

The Company is into oilfield services in ***Onne Free Zone***. It is principally engaged in ***Oil Country Tubular Goods (OCTG)*** related activities. The company also has a machine shop catering to the needs of the Oil and Gas industry specifically the upstream segment.

The summary of its operation is as follows:

Item Year	Gross Earnings ₦ '000	PBT ₦ '000	Total Assets ₦ '000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2022*	908,715	238,815	4,746,720	3,786,675	960,045	1,948,800
2021	504,508	(16,105)	4,147,290	3,547,860	599,430	2,116,710
2020	537,004	55,542	3,503,539	3,254,928	248,611	2,128,377
2019	785,799	313,774	10,282,097	9,974,815	307,282	2,031,964
2018	1,525,246	858,428	9,863,856	9,474,928	388,928	2,162,070

**Represent figures in Management Accounts*
Source: AOS Orwell Limited

TITAN TUBULARS NIGERIA LIMITED

Titan Tubulars Nigeria Limited (TTNL) was incorporated as a Private Limited Liability Company on the 21st September, 2006.

The Company caters for Oil and Gas operators within the ***Onne Free Trade Zone***. It has its registered office in Rivers State, Nigeria. The Company is into the importation of base pipes and connectors. These are machined, threaded, coated and welded together in order to form a fully assembled conductor pipes which are sold to companies in the upstream segment.

The summary of its operation is as presented:

Item Year	Gross Earnings ₦ '000	PBT ₦ '000	Total Assets ₦ '000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2022*	169,650	60,465	3,192,030	2,416,425	775,605	216,195
2021	(27,891)	(132,894)	3,439,110	2,357,436	1,081,674	137,025
2020	97,081	(502,989)	3,309,897	2,352,212	957,685	94,767
2019	578,871	(333,327)	6,958,860	6,400,798	558,062	48,947
2018	2,363,541	1,128,141	12,117,773	6,493,022	5,624,751	57,047

**Represent figures in Management Accounts*
Source: AOS Orwell Limited

CORPORATE GOVERNANCE & RISK MANAGEMENT

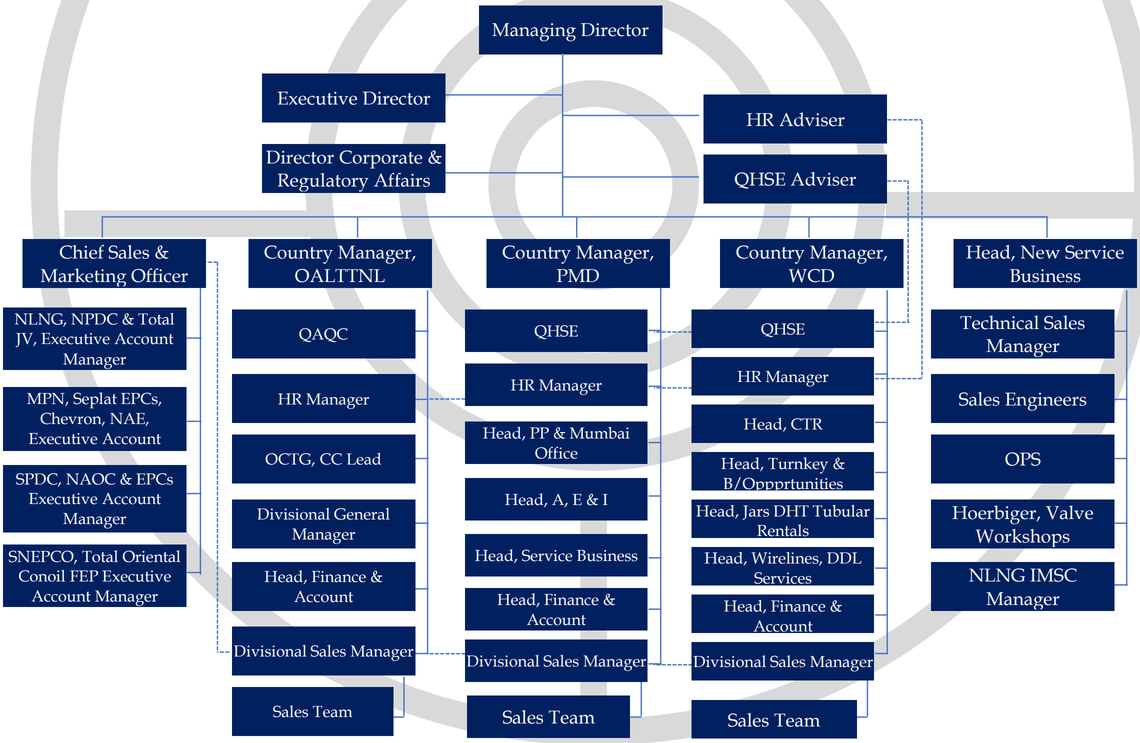
The Parent Company's affairs are directed by its Board of Directors which consists of eight (8) Executives. The Board has the following Committees: Audit, Talent Remuneration & Appointment (TRA) and Governance/Risk Management Committees.

The Group recognizes its exposure to Credit, Liquidity, Market, Interest Rate and Currency Risks.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Board is also responsible for developing and monitoring the risk management policies.

The Corporate organogram of the Group is as presented:

CORPORATE ORGANOGRAM



Source: *AOS Orwell Limited*

RISK FACTORS

In the course of our review, we considered the following significant risks:

- **FOREIGN EXCHANGE RISK**

This is the risk arising from loss of capital or earnings due to adverse movements in the Exchange Rates.

The Group is exposed to this risk due to the mismatch between the currencies in which sales, purchases and borrowings are dominated. Therefore, adverse movement in exchange rate will have significant impact on Profitability.

- **LIQUIDITY RISK**

This is the risk arising from inability to meet obligations as they fall due.

Based on our review the Group maintained a current ratio of only 84% in the year 2021. To mitigate against this risk, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

- **MARKET RISK**

This is the risk arising from unfavorable market condition.

Based on our review, the Group earnings are largely dependent on favorable market condition and operating environment within the Oil and Gas Sector specifically the Upstream. Therefore, unfavorable market condition such as uneconomical oil pricing as well as divestment from Nigeria by major players will have adverse effect on the Group’s Earnings and Profitability.

CONCLUSION

The Rating of the Group is supported by its Good Revenue Profile, Good Project Experience and Good Clientele Base.

Consequently, we assigned a Rating of ***BBB***

FINANCES

Financial Position as at

	Dec, 2021 ₦'000	Δ%	Dec, 2020 ₦'000	Δ%	Dec, 2019 ₦'000
ASSETS					
Non-Current Assets	29,718,937	8.89	27,293,775	(5.43)	28,861,264
Current Assets	15,534,059	9.58	14,176,518	(12.90)	16,275,210.00
	45,252,996	9.12	**41,470,293**	(8.12)	**45,136,474**
EQUITY AND LIABILITIES					
Non-Current Liabilities	21,045,634	3.14	20,405,547	(5.45)	21,580,948
Current Liabilities	18,557,354	14.73	16,175,176	31.73	12,278,596
Equity	5,650,008	15.55	4,889,570	(56.64)	11,276,930
	45,252,996	9.12	**41,470,293**	(8.12)	**45,136,474**
REVENUE AND PROFITS					
Revenue	22,001,982	20.55	18,251,210	(24.67)	24,228,252
Profit Before Taxation	(2,983,653)	(56.65)	(6,882,177)	1,162.46	(545,141)
Profit for the year	(1,879,839)	(73.77)	(7,167,424)	3,975.02	(175,887)

Signed:
Name: **Oladele Adeoye**
Designation: Chief Rating Officer
Date: 2nd **February, 2023**

For and on behalf of:
DataPro Limited
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By Marina Water Front
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our ***short-term*** ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or –. With + representing slightly less risk than –. Such suffixes are not added to the 'AAA' long –term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	*(Superior)* Assigned to companies which have superior financial strength, operating performances and profile when compared to the standards established by *DataPro Limited.* These companies, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	*(Excellent)* Assigned to companies which have excellent financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	*(Very Good)* Assigned to companies which have very good financial strength, operating performance And profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	*(Fair)* Assigned to companies which have fair financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion, have an ability to meet their

current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator	Meaning	Explanation
BB	Moderate Risk	*(Marginal)* Assigned to companies which have, marginal financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	*(Weak)* Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by *DataPro Limited*. These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	*(Poor)* Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established *DataPro Limited*. These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	*(Very Poor)* Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

SHORT-TERM RATING

Indicator	Meaning	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added "+" to denote any exceptionally strong credit feature.
A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment. Indicates an entity that has defaulted on all its financial obligations.