

**Credit Rating Report****Information Solutions Limited (ISL)****Rating****Long Term Rating : BBB₁****Date of Rating : 10 March, 2010****Validity : 31 December, 2010****Analysts:****Md. Hussainul Islam Sajib**Jr. Financial Analyst
sajib@crab.com.bd**Sajjad-Bin-Siraj**Financial Analyst
sbsiraj@crab.com.bd**Exhibit 1: Financial Highlights (BDT in million)**

| Particulars | 2008 | 2009 ¹ |
|-----------------------------------|--------|-------------------|
| Turnover | 772.83 | 815.22 |
| Growth Rate of Turnover | 9.11% | 5.48% |
| Gross Profit | 96.31 | 103.14 |
| EBITDA | 49.75 | 42.84 |
| Net Profit After Tax | 19.21 | 16.96 |
| Current Assets | 393.01 | 348.33 |
| Fixed Assets | 8.27 | 6.47 |
| Total Assets | 401.28 | 354.80 |
| Total Liabilities | 293.48 | 230.04 |
| Shareholders' Equity | 107.80 | 124.76 |
| Gross Profit Margin | 12.46% | 12.65% |
| Net Profit Margin | 2.49% | 2.08% |
| Debt to Equity (x) | 0.44 | 0.32 |
| Borrowed Fund to Total Assets (x) | 0.1273 | 0.1201 |

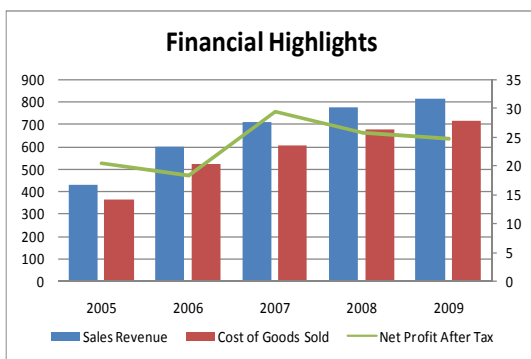
1.0 RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned '**BBB₁**' (Pronounced Triple B One) rating in the Long Term to Information Solutions Limited (hereinafter referred to as ISL or the Company) in view of the performance of the Company for the business year 2009 and other relevant information.

Corporate entities rated **BBB₁** in the long term belong to 'Adequate Capacity' cohort. Corporate entities rated in this category have adequate capacity to meet financial commitments but are more susceptible to adverse economic conditions due to changing circumstances and are subject to moderate credit risk.

The rating takes into account business profile, past record and trend of operating performance, balance sheet strength and loan repayment history.

ISL was incorporated as a private limited company in 1994 by some ICT professionals having experience in the same field in various countries around the world.

¹ Based on audited financial statements of 30 June 2009.



CRAB Ratings

Corporate

Information solutions limited (ISL) sells PC, Notebooks and Servers of Dell brand and provides IT related solutions to institutional customers in the country.

ISL operates in a highly competitive market. CRAB views that single brand dependence and no exclusive dealership of Dell brand pose concentration risk for ISL having impacts on future revenue growth. No exit or entry barrier in the industry has led new market players to come up with varieties of products at competitive price.

The business model reflects that target market of ISL is corporate houses only. Concentration on corporate houses and no retail sales pose lack of diversification and stable cash flow generation. CRAB views that due to corporate nature of ISL's customers Accounts Receivable would be relatively high, therefore external finance could tie up longer time thus increase the leverage and financial charges, affect cash flow and profitability.

Current Assets of ISL accounted for 98% of total assets. Inventory is 32.51% of total assets (60 days inventory), whereas 29.75% of total assets is in accounts receivable (average 47 days collection period), resulting in BDT 284.50 million of outstanding short term loan against limit of BDT 320 million.

Negative Cash flow (revenue adjusted with accounts receivable and cost of goods sold adjusted with inventory) in 2009 is the outcome of inventory and receivable pile up. ISL's revenue reached at BDT 815.22 million in 2009 registering a growth of 5.48% from 2008 and CAGR during 2005-2009 of 17.33%. Due to high competition, the sales growth in recent years could not accelerate.

In spite of high competition, profitability margins (GPM, OPM, NPM, EBITDA margin) were marginally affected (GPM: FY09-12.65%, FY08-12.46%; OPM: FY09-4.29%, FY08-4.09%; NPM: FY09-2.49%, FY08-2.08%; EBITDA margin: FY09-6.44%, FY08-5.26%).

CRAB feels comfort from the management strength and quality of professional staff, despite relatively high turnover rate which is also industry norm.

The rating also considers the satisfactory repayment status certified by the concerned banks although there are instances of few overdue cases.