

HOW TO READ THE BUSINESS INFORMATION REPORT

The Business Information Report (BIR) is the most widely used Dun & Bradstreet report.

The BIR attempts to provide information and analysis to help you evaluate the existence, operations, stability and profitability of a business and keep pace with major changes that can impact your decision making.

On the following pages, definitions and contents are outlined for each of the following sections to help you interpret the information in the BIR.

- *Company Summary*
- *Finances*
- *Special Events*
- *Payment Experience*
- *History*
- *Corporate Structure*
- *Banking Information*
- *Operation*
- *Public Record Information*

Company Summary

HEADING : provides basic identification information, such as the legal name and address and trade styles (other trade names), alongwith the name of a key executive with contact numbers wherever possible.

STANDARD INDUSTRIAL CLASSIFICATION (SIC) : a four-digit code to classify the Line of Business, e.g. household furniture stores have an SIC code of 5712. If more than one SIC code is listed, the first is the company's primary line of business, with others comprising at least 10 percent of the company's business. Details can be found in the OPERATIONS section of the report.

SUMMARY : use this section of the full report to get a quick view of the company, and locate areas to investigate more closely.

D&B RATING : quickly assesses a company's financial strength and company, and composite credit appraisal, e.g. a company rated 3A3 has tangible net worth of \$1,00,000-\$9,999,999 based on a current interim or fiscal balance sheet and a composite credit appraisal of "Fair", please refer Annexure 'A' for further details.

START YEAR (CONTROL YEAR) : indicates the year the company was started or present management took control.

SALES : gives a picture of a company's financial size in terms of sales/revenue volume. "Projected" indicates an estimated sales volume provided by management. "F" means figures were taken from a financial statement. See the Finance section for details.

WORTH : "E" indicates figures are estimates provided by the owners, partners or officers of the company, "F" means figures were taken from a financial statement, this gives a picture of a company's financial size. See the Finance section for details.

HISTORY : designated as

- *Clear - indicates that D&B's file contains sufficient information about the background of the business and its significant principals.*
- *Incomplete - indicates D&B's file does not contain sufficient historical information on the company and / or its significant principals.*
- *Management - indicates D&B's file contains certain unfavourable current or historical information on one or more significant principals associated with this company.*
- *Business - indicates D&B's file contains certain unfavourable current or historical information on this company.*

FINANCIAL : designated as

- *Secured - a portion or all of the following assets have been pledged as collateral, inventory and / or accounts receivable, capital stock in the company or capital stock the company owns in a subsidiary.*

- *Secured / Unsecured* - in addition to any of the "Secured" provisions, there are also unsecured loans outstanding which may be guaranteed or co-signed by a third party, but are not collateralized by specific assets.

This gives a quick picture of credit already extended to the company, and if assets are available to be pledged to you as a creditor. See the Public Filings, Banking & Finance section for details.

FINANCIAL CONDITION : provides an overview of a company's financial statement with a designation of - Strong, Good, Fair and Unbalanced. Financial Condition is calculated by reviewing up to 11 financial ratios and comparing them to the industry averages for each of the company's lines of business.

Special Events

SPECIAL EVENTS : major changes or significant activities D&B learns of such as changes in officers, acquisitions, fires or natural disasters, critical suits or bankruptcies. These may help explain company trends, e.g. a change in ownership may explain changes in manner of payment, or decreased production may be the result of a fire.

Summary Analysis

This section includes a Rating Summary which explains the current D&B Rating and why it was assigned or not assigned. In addition, the Rating Summary explains any Rating changes that have taken place over the past year. It helps to spot trends and help determine the stability of a company by reviewing the Rating and Date Applied section, which shows an overview of a company's D&B Rating changes. A guide to interpret the rating, classified by the country location of the subject, is provided in Annexure 'A'.

Payment Summary

PAYMENT SUMMARY : highlights a company's payment performance as reported to D&B relative to ageing and industry group comparisons.

PAYDEX SCORE : gives you an instant overview of how a company pays its bills as reported to D&B and helps you determine how quickly they are likely to pay experiences from trade reference reported to D&B.

D&B PAYDEX SCORE KEY (USA) : Use this Key to help you determine the meaning of the Score.

<i>Paydex</i>	<i>Payment</i>
100	Anticipate
90	Discount
80	Prompt
70	15 days beyond terms
60	22 days beyond terms
50	30 days beyond terms
40	60 days beyond terms
30	90 days beyond terms
20	120 days beyond terms
UN	Unavailable

PAYMENT DETAILS : a record of recent payment provided to D&B. Each line (up to 80) provides the most recent information gathered through trade tapes and other collection methods. Typically, a supplier from whom the information was gathered is represented by the payment terms that the supplier has with the subject.

Many purchases during a single month or season may indicate a seasonal purchasing pattern.

The following manners of payment appear most frequently in this section :

- **Antic** - Payments are received prior to date of invoice (Anticipated)
- **Disc** - Payments are received within trade discount period (Discount)
- **Ppt** - Payments are received within terms granted (Prompt)
- **Slow** - number of days beyond vendor's terms e.g. "Slow 30" means payments are 30 days beyond terms.
- **Ppt-Slow** - some invoices are paid within terms, others are paid beyond terms.
- Additionally, payment comments, such as "cash in advance", "account in dispute", "credit refused", or "placed for collection" may appear, and indicate commentary only, not manner of payment. "Placed for collection" indicates the account has been placed with D & B or another third party for collection during the last year.
- (#) - indicates that no manner of payment was provided : the number merely indicates the line in which it appears, e.g. (4) means that it is the fourth experience listed.

Update - information obtained since our last full interview with the business principals may contain such pertinent information as updated financial data, business trends or updated operating details.

Finance - includes balance sheet, income statements and management estimates or projections when available. If provided, up to three years of Comparative summaries can be shown here. You may want to assess :

- A company's ability to meet current debt by comparing all liquid assets to current debt, or all liquid assets plus inventory to current debt.
- The amount of capital provided by creditors compared to capital invested by the owners.
- The amount of sales compared to total assets of the company.

The absence of financial information may also be commented on in this section, e.g. "A financial statement was declined by management". An explanation of the financial information also may be provided.

May include a narrative indicating the source of financial information ("Submitted by...") and may explain certain financial statement items.

The company may also add explanations in this section eg. "Current cash is low because a recent expansion was financed with cash rather than loans"

Public Filings - can alert you to bankruptcy filings, suits, liens, judgements and public filings that indicate assets pledged for collateral.

Banking - may include information on accounts, loans & bank evaluation of whether the banking relations are satisfactory (when available). The information shown may not represent the full extent of the firm's banking relationships nor reflect the primary bank used by the company.

History - may provide background details on the company including year started, business structure, ownership information and changes in control. May also include the business background of a company, significant principals or owners and prior bankruptcy proceedings or business discontinuancies. The names and business descriptions of affiliated companies may also be provided.

Operations - provides information on the business operations of a company, which may include information on a parent company, the number of accounts and geographic territory, selling terms and whether the company owns or leases property.

This section may also provide names and locations of branch operations and identify subsidiaries.

ANNEXURE 'A' - KEY TO D&B INTERNATIONAL RATINGS

The information below will help you understand and interpret the meaning of the D&B ratings in our international reports.

In most instances, the D&B rating consists of two parts : the ESTIMATED FINANCIAL STRENGTH and the COMPOSITE CREDIT APPRAISAL.

In those countries where this is not the case, an explanation can be found with the ratings for that country.

Estimated Financial Strength

The financial strength indicator reflects a company's tangible net worth. It is derived from the most recent audited financial statements. When present, intangibles such as goodwill, patents and deferred revenue expenditure are deducted from the net worth.

Tangible net worth = (Issued share Capital + Retained Profits + Reserves) - (Goodwill + any other intangibles)

When a figure for the net worth is unavailable, the financial strength indicator will be based on paid-up or registered capital. Ratings based on paid-up or registered capital will be signalled by a double letter rating, e.g. 4AA2

General Classification : When the designation "1R", "2R", "3R", "4R" appears, followed by a 2, 3, or 4, it is an indication that the Estimated Financial Strength, while not definitely classified, is presumed to be in the range of listed. Also, while the Composite Credit Appraisal cannot be precisely judged, it is believed to fall in the category indicated.

Composite Credit Appraisal

The Composite Credit Appraisal is the second part of the Dun & Bradstreet Rating and reflects a company's health, stability and overall condition. It takes into consideration all significant elements of credit. Such classification is relative and is predicted on the broad and overall viewpoint.

1. Strong

- Assigned to businesses of undoubted standing*
- There is a minimal risk associated with a concern in such a condition*

2 Good

- Financially sound with a competent trading record*
- Low risk and considered better than average*

3. Fair

- A below average financial standing and trading record*
- Associated risk can be considered slightly greater than average and constitutes a higher trade risk*

4 Poor

- A concern of known financial weakness and unsatisfactory trading record*
- The creditor's risk is therefore significantly high and assurance or guarantees are advised if a transaction is to take place.*

Other classification symbols

0 or - Not classified - The absence of a classification, whether as to Financial strength or Composite Appraisal and whether expressed by the zero (0) or the hyphen (-) or by the omission of any symbol, is not to be construed as unfavourable but signifies circumstances difficult to classify within condensed symbols and should suggest to the subscriber the advisability of obtaining additional information.

- DS Duns Support Record - This is not a credit rating but rather an internal coding that will occasionally appear on the report; no other inference should be drawn. It simply means that it is an initial database record only, and has not necessarily been verified by Dun & Bradstreet.*
- INV This "INV" shown in place of rating indicates Dun & Bradstreet is currently conducting an investigation on the subject.*
- N Negative Net Worth : This indicates a tangible negative net worth in the latest financials. In such cases the business is insolvent and an unsatisfactory financial position exists. Typically, a negative net worth arises from accumulated losses and is the residue when all the assets are deducted from the liabilities.*
- NQ As explained on page no. 8.*

Key to Business Classifications

A or X - Agent (commission agent) M-Manufacturer R-Retailer S-Service Industry W-Wholesaler

Employee Range Designation

Certain businesses do not lend themselves to Dun & Bradstreet Rating. Instead, reports on these businesses carry an Employee Range designation (ER) which is indicative of size, based on the number of employees. No other significance should be attached to this classification.

Key to Employee Range Designation

<i>ER1</i>	<i>1000 or more</i>	<i>employees</i>
<i>ER2</i>	<i>500 to 999</i>	<i>employees</i>
<i>ER3</i>	<i>100 to 499</i>	<i>employees</i>
<i>ER4</i>	<i>50 to 99</i>	<i>employees</i>
<i>ER5</i>	<i>20 to 49</i>	<i>employees</i>
<i>ER6</i>	<i>10 to 19</i>	<i>employees</i>
<i>ER7</i>	<i>5 to 9</i>	<i>employees</i>
<i>ER8</i>	<i>1 to 4</i>	<i>employees</i>
<i>ERN</i>		

Note : While the above rating descriptions hold good for most countries, there could be instances where different countries follow a different rating mechanism. These are elaborated in the following pages :-