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31.03.2011

## Rating conclusion

### RA Expert Rating confirms credit rating of series A and B bonds of the LLC 'BNC' at the level uaCCC

**On March, 30th, 2011** at the session of rating committee of RA Expert Rating decision has been taken to confirm the credit rating of LLC BNC (*USREOU code 32557104*) bonds at the level **uaCCC**. At confirmation of rating the Agency took into consideration the results of activity of the company for 12 months of 2010.

So, following the results of 12 months of 2010 LLC BNC incurred in a loss of UAH 4,905 m. Thus the company earnings for 12 months of 2010 made UAH 6,249 m only, and for the same period of 2009, – UAH 4,845 m only. According to the Agency, LLC BNC continued to have problems with sales during the crisis period. And though the company managed to achieve an essential growth of earnings in 2010, still the earnings have been generated insufficiently to enable covering the debts.

As of 01.01.2011, shareholder equity of LLC BNC made UAH 15,41 m only against total amount of company assets of UAH 109,708 m. Therefore, equity/assets ratio made only 14,03 %. It remains a critically low indicator for maintenance of appropriate payment discipline and solvency level. On 01.01.2011 on company accounts UAH 1,2 m only have been accumulated, that also indicates critically low liquidity level.

Following the results of 2010, the Agency highlights an unsatisfactory condition of business activity indicators, insufficient profitability level, low capital adequacy and liquidity of LLC BNC. Issues of series A and B bonds of the LLC 'BNC' have all signs of speculative rating, and against all other equal conditions, particularly in the absence of essential progress in sales policy, default would be probable under bonds of LLC BNC. That is how analytical service of RA Expert Rating substantiates the speculative level of rating **uaCCC** on the bonds of LLC BNC.

According to rating awarding rules, the rating report on the bonds assigned credit rating on the national scale below the mark **uaBB +** is not subject to publication nor distribution. Level of rating is indicated in the rating conclusion which is published on RA Expert Rating Web-site, and also in the official print 'Securities of Ukraine' by SSMSC .

*Analytical service of RA Expert Rating*