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PRESS RELEASE

RA Expert Rating confirms the rating of bonds of PrJSC 'Large-size electric machine plant'

On August, 14th, 2012 RA Expert-rating decided on confirmation of the rating of issue of bonds of C series by the Private Joint Stock Company 'Large-size electric machine plant' (USREOU code 30769085) at the level **uaBBB-**. The borrower or the separate debt instrument with the rating uaBBB - is characterized by sufficient credit status in comparison with other Ukrainian borrowers or debt instruments. Credit status level depends on influence of adverse commercial, financial and economic conditions. Confirming the credit rating, the Agency was guided by the results of work of the Company in H1 2012.

Table 1

Key performance indicators of JSC Large size electric machines plant (UAH th., p.p.,%)

Indicators	H1 2012	H1 2011	Change 2011-2012	Growth rate 2011-2012
Capital assets book value	54784	19437	35347	181,85%
Inventory	20796	21967	-1171	-5,33%
Accounts receivables	53181	166089	-112908	-67,98%
Accounts payables	12722	10967	1755	16,00%
Debt receivables/payables	418,02%	1514,44%	-1096,42p.p.	-
Shareholders' equity	176638	105341	71297	67,68%
Liabilities	148996	162473	-13477	-8,29%
Shareholders' equity /liabilities	118,55%	64,84%	53,72 p.p.	-
Long term bank loans	47955	61307	-13352	-21,78%
Short term bank loans	6834	31889	-25055	-78,57%
Income from products sales	153030	127746	25284	19,79%
Net income	140904	117448	23456	19,97%
Net profit (loss)	22595	35	22560	64457,14%
ROE	6,51%	0,01%	6,50p.p.	-
ROS	26,30%	18,28%	8,03p.p.	-
EBIT	40033	22733	17300	76,10%
EBITDA	44269	24417	19852	81,30%
EBITDA/Liabilities	29,71%	15,03%	14,68p.p.	-

Source: Company data, RA Expert Rating calculations

Confirming the rating, the Agency was guided by the following conclusions:

1. Growth of book value of company's main assets in H1 2012 is explained by fair value revaluation of main assets, according to accounting standards and partially by acquisition of new equipment. As a result of work with debtors, the debt receivables decreased on 68%. In the analyzed period use of borrowed funds increased by 16% in Company economic activity. Significant decrease of receivables/payables ratio proves to more rational use of funds. Shareholders' equity of the Company increased by UAH 71,3.

2. The analysis of credit history of the emitter continues to show availability of financial discipline and execution by the borrower of requirements of creditors under earlier concluded loan

agreements. The company repays the loans; long-term bank loans decreased by UAH 13,4 million, the short-term ones – by UAH 25 million in comparison with H1 2011.

The emitter pays promptly under the duties to bondholders. The amounts of interests accrued and paid out on bonds in H1 2012:

- January 2012 - UAH 1 204,93 th;
- February 2012 – UAH 1 167,12 th.;
- March 2012 – UAH 1 204,93 th.
- April 2012 – UAH 1 204,93 th.
- May 2012 – UAH 1 105,70 th.
- June 2012 – UAH 1 200,20 th.

3. Key indicators of financial soundness of the emitter improved in comparison with H1 2011. Autonomy coefficient grew by 53,7 p.p. EBITDA increased by 81,3%. EBITDA/liabilities ratio increased by 14,68 p.p.

4. As regards business activity of JSC LSEM - the income from sale of emitter products grew on 19,79 %, in comparison with the similar period of 2011, net income - on 19,97 %. The net profit in H1 2012 increased by UAH 22,6 million. Following the results of H1 2012 the emitter managed to slightly increase ROE and ROS - on 6,5 p.p. and 8 p.p. accordingly.

Analytical service of RA Expert Rating