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Rating conclusion

RA Expert Rating states award of credit rating at the level uaCCC to the series A and B bonds of the LLC 'BNC'

On December, 24h, 2010 at the session of rating committee of RA Expert Rating decision has been taken to award credit rating to LLC BNC (*USREOU code 32557104*) bonds at the level **uaCCC**. At awarding the credit rating the Agency took into consideration the results of activity of the company for 9 months of 2010.

So, following the results of 9 months of 2010 LLC BNC incurred in a loss of UAH 4,957 m. Company earnings for 9 months of 2010 made UAH 4,218 m only, and for the same period of 2009 – UAH 2,973 m only. According to the Agency, LLC BNC during the crisis period encountered problems in sales. The business of the company specialized on consulting, has passed through a period of narrowing demand. The company could not use efficiently the resources attracted by means of bonds, nor capitalize them sufficiently to obtain a substantial growth of earnings.

As of 01.10.2010, shareholder equity of LLC BNC made UAH 15,4 m only, against UAH 109,7 m of total amount of company assets. Thus, the autonomy factor (equity/assets ratio) has made only 14,03%. It is critically low 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.

Summarizing analysis findings, the Agency highlights both unsatisfactory condition of business activity indicators and insufficient profitability level, as well low capital adequacy and liquidity. 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** of 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.

Analytical service of RA Expert Rating