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PRESS-RELEASE

(Translation from Russian)

RA «Expert-Rating» confirms the credit rating to bonds of Private JSC «Large-Size Electric Machine Plant» at the level uaBBB-

May 8, 2012 RA «Expert-Rating» has decided to confirm the rating of the bond issue of Series C of **Private JSC «Large-Size Electric Machine Plant»** at the level **uaBBB-**. The borrower or separate bond with rating uaBBB- is characterized by sufficient solvency in comparison with other Ukrainian borrowers or bonds. The level of solvency depends on the influence of unfavorable commercial, financial and economic conditions.

Table 1

Indicators of JSC «Large-Size Electric Machine Plant» (th. UAH, p.p., %)

Indicators	I quarter of 2012	I quarter of 2011	Change in 2011-2012	Growth rate 2011-2012
Fixed funds at net book value	45 220	19 615	25 605	130,54%
Stocks	5 296	5 479	-183	-3,34%
Accounts receivables	51 680	168 116	-116 436	-69,26%
Accounts payables	11 083	9 280	1 803	19,43%
Accounts receivables/ Accounts payables ratio	4,66	18,12	-13,45 p.p.	-
Shareholders' equity	165 521	103 871	61 650	59,35%
Liabilities	158 745	272 895	-114 150	-41,83%
Autonomy ratio (Shareholders' equity/ Liabilities)	104,27%	38,06%	66,21 p.p.	-
Long-term bank loans	47 920	93 052	-45 132	-48,50%
Short-term bank loans	7 738	75 580	-67 842	-89,76%
Total debt of the company to investors on bonds	47 252	47 252	0	-
Revenue from sales	78 360	62 510	15 850	25,36%
Net income	71 941	57 738	14 203	24,60%
Net profit (loss)	11 478	-1 431	12 909	902,10%
ROE	6,93%	-1,38%	8,31 p.p.	-
ROS	26,55%	17,69%	8,86 p.p.	-
EBIT	20 613	10 766	9 847	91,46%
EBITDA	22 477	11 642	10 835	93,07%
EBITDA/Liabilities ratio	14,16%	4,27%	9,89 p.p.	-

Source: Data of the company, calculations of RA «Expert-Rating»

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

1. In the Q1 of 2012 key financial stability indicators of the issuer have significantly improved in comparison with the Q1 of 2011. The autonomy coefficient has grown from 38% up to 104%, and the indicator EBITDA has increased by 93%. The ratio between EBITDA and liabilities has grown by 9,89 p.p., but it still remains at a low level.

2. The company has significantly upgraded its fixed assets – the growth rate of net book value has amounted to 130,54%. During the last 12 months the considerable work with debtors has been performed, which has resulted in reduction of accounts receivables by UAH 116,4 mln. Payables have slightly increased by UAH 1,8 mln. At the same time, shareholders' equity of the company has increased by 59,35% or by UAH 61,65 mln.

3. Business activity of JSC "LSEMP" has increased. The issuer's revenue from sales has grown by 25,36% in comparison with the same period of 2011, net income – by 24,6%, net profit – by 902%. According to the results of Q1 of 2012 the issuer has managed to withdraw from the practice of zero profitability and to significantly increase ROE, ROA and ROS.

The issuer performs its commitments to bondholders in time. Interests on bonds are charged and paid in the Q1 of 2012:

- January of 2012 — UAH 1 204,93 th.;
- February of 2012 — UAH 1 167,12 th.;
- March of 2012 — UAH 1 204,93 th.

4. Analysis of the issuer's credit history indicates the presence of financial discipline and the performance the lenders' claims by the borrower under the previously signed loan agreements. The Company pays its credits: long-term bank loans have decreased by 48,5%, short-term bank loans – by 89,76% in comparison with the Q1 of 2011.

Analytical service of RA «Expert-Rating»