UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of January 2012

ALON HOLDINGS BLUE SQUARE - ISRAEL LTD.
(translation of registrant's name into English)

2 Amal St., Afek Industrial Park, Rosh Ha'ayin 48092, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40 F: Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes ☐ No ☒

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ALON HOLDINGS BLUE SQUARE – ISRAEL LTD. ANNOUNCES DOWNGRADE OF RATING BY MIDROOG LTD.

Rosh Ha'ayin, Israel, January 24, 2012 - Alon Holdings Blue Square - Israel Ltd. (NYSE: BSI) (the "**Company**"), announced today that Midroog Ltd. (an Israeli rating agency, a 51% subsidiary of Moody’s ("Midroog")) issued an update to its rating of the Company's Series A and Series C debentures, downgrading the rating from "A1" to "A2" with a stable outlook, including future issuance of up to NIS 200 million (approximately US$ 53 million) of debentures, which the Company is considering issuing by expanding the Series C bonds or by issuing a new series with a duration of up to 6.0 years.

An English translation of the Midroog report, provided by Midroog, is being submitted to the Securities and Exchange Commission on Form 6-K.

* * *

Alon Holdings Blue Square– Israel Ltd. (hereinafter: "Alon Holdings") is the leading retail company in the State of Israel and operates in four reporting segments: In its supermarket segment, Alon Holdings, through its 100% subsidiary, Mega Retail Ltd., currently operates 211 supermarkets under different formats, each offering a wide range of food products, "Near Food" products and "Non-Food" products at varying levels of service and pricing. In its "Non-Food" segment, Alon Holdings, through its 100% subsidiary BEE Group Retail Ltd., operates specialist outlets in self operation and franchises and offers a wide range of "Non-Food" products as retailer and wholesaler. In the Commercial and Fueling Sites segment, through its 78.38% subsidiary, which is listed on the Tel Aviv stock exchange ("TASE"), Dor Alon Energy in Israel (1988) Ltd is one of the four largest fuel retail companies in Israel based on the number of petrol stations and a leader in the field of convenience stores. Dor Alon operates a chain of 193 petrol stations and 195 convenience stores in different formats in Israel. In its Real Estate segment, Alon Holdings, through its TASE traded 78.26% subsidiary Blue Square Real Estate Ltd., owns, leases and develops yield generating commercial properties and projects.

This press release contains forward-looking statements within the meaning of safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, plans or projections about our business and our future revenues, expenses and profitability. Forward-looking statements may be, but are not necessarily, identified by the use of forward-looking terminology such as "may," "anticipates," "estimates," "expects," "intends," "plans," "believes," and words and terms of similar substance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual events, results, performance, circumstance and achievements to be materially different from any future events, results, performance, circumstance and achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the following: the effect of the recession in Israel on the sales in our stores and on our profitability; our ability to compete effectively against low-priced supermarkets and other competitors; quarterly fluctuations in our operating results that may cause volatility of our ADS and share price; risks associated with our dependence on a limited number of key suppliers for products that we sell in our stores; the effect of an increase in the minimum wage in Israel on our operating results; the effect of any actions taken by the Israeli Antitrust Authority on our ability to execute our business strategy and on our profitability; the effect of increases in oil, raw material and product prices in recent years; the effects of damage to our reputation or to the reputation of our store brands due to reports in the media or otherwise; and other risks, uncertainties and factors disclosed in our filings with the U.S. Securities and Exchange Commission (SEC), including, but not limited to, risks, uncertainties and factors identified under the heading "Risk Factors" in our annual report on Form 20-F for the year ended December 31, 2010. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except for our ongoing obligations to disclose material information under the applicable securities laws, we undertake no obligation to update the forward-looking information contained in this press release.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

ALON HOLDINGS BLUE SQUARE – ISRAEL LTD.

January 24, 2012

By: /s/ Ortal Klein

Ortal Klein, Adv.
Corporate Secretary

Alon Holdings Blue Square – Israel Ltd.

Rating Action Report | January 2012

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Alon Holdings Blue Square – Israel Ltd.

Issue Rating	A2	Outlook: Stable

Midroog announces a downgrade of the bonds (Series A and C) issued by Alon Holdings Blue Square Israel Ltd. ("**Blue Square**" or the "**Company**") from A1 to A2 with a stable outlook. Midroog also assigns an A2/stable rating to Issuance bonds of up to NIS 200 million par value, which the Company is considering issuing by expanding the Series C bonds or by issuing a new series with a duration of up to 6.0 years. Issue proceeds are earmarked for financing the Company's operating activity.

This report relates to the structure of the issue based on data submitted to Midroog up until January 24, 2011. In the event of any change in the structure of the issue, Midroog shall have the right to reconsider and revise the rating assigned. Only after Midroog receives a copy of all the final documents relating to the bonds will the rating assigned by Midroog be considered valid and Midroog shall publish the final rating and a summary of the rating report.

Series of bonds in this rating action:

Bond Series	Stock No.	Original Date of Issue	Fixed Annual Interest	Linkage	Book Value of Bond Balance as of September 30, 2011 (NIS M)	Remainder of Bond Repayment Years
A	Non-marketable	August 2003	5.9%	CPI	239	2012-2014
C	1121334	10/2010	2.5%	CPI	*103	2011-2022

* In November 2011 the Company paid about NIS 8.6 million of the principal of the Series C bond.

Main Rating Rationale

The downgrade is a result of a downturn in the Company's operating results in the supermarket and non-food segment in 2011, which is preventing the Company from meeting the financial strength ratios required for the previous rating. Midroog assesses that major challenges in the business environment in 2011 account for this decline. The fuel marketing segment presents stability results in recent quarters. However it's exposes to a regulatory threat of a permanent decrease of its marketing margin. The decrease in results of the supermarkets segment, which presents a major effect in the third quarter of 2011, is attributed to fierce competition in the segment and the implications of the social protest, as reflected, *inter alia*, in reduce prices including extraordinary sales. A sharp negative effect was also evident in the third quarter results of the other companies in the segment. Nevertheless, in a scenario which excludes third quarter results, the Company also presents a significant decline in operating results vs. forecast.

In the medium term, we expect an improvement in financial results in the supermarkets and non-food segment, compared with 2011, given better market conditions and the Company's cost-cutting measures. However, the improvement we project during the outlook horizon is not expected to enable the Company to meet the financial ratios required for the previous rating. In addition, in the fuel marketing segment there is an uncertainty regarding possible implications of fixing a lower marketing margin. The group is oriented towards investment and growth, which contributes to its business diversity, but results in a high rate of leverage that is expected to rise even higher in the medium term, following continued development of the wholesale market project in the real estate segment through Blue Square Real Estate.[1]

The rating is supported by the Company's strength as Israel's largest retail group, with 700 sales points countrywide (some through franchises), covering three interfacing areas of activity: food, non-food, and fuel marketing. The Company has a dominant market share based on a strong brand, wide geographic spread, and business and marketing innovation. The company presents an advantage in the city centers supermarkets (Mega in the Town and AM-PM) over its competitors, thanks to its central location and the management track-record in this segment. Nevertheless, the rating still does not reflect the synergy of the supermarkets segment and the fuel marketing segment. Midroog notes positive steps taken at the group level: As of the date of this report, the percentage of sales of the wholesale market project was over 60% stands out considering its early establishment stages. During the second quarter, the Company also signed an agreement to acquire 49% of the shares in Diners, thereby strengthening its advantage in the loyalty program area.

The Company has a good liquidity, relies mostly on cash balances, a convenient debt repayment schedule, and a long-term cash-generating ability. Moreover, as of the balance sheet date, the Company had a substantial credit card balance, which is paid off during the month, and is therefore not reflected in the balance sheet figures. Midroog takes that parameter as a positive factor regarding financial flexibility. The Company represents a negative FCF in most periods (except for the nine months ending in September 2011) due to capex investments, and regularly which cause to refinance debt.

The Company's segments – food retail and fuel marketing – are both characterized by medium risk. The food retail segment is characterized by high competition, medium-level entry barriers, and rather low customer loyalty. The level of competition in the segment has

[1] Midroog rates the debt issued by Blue Square Real Estate Ltd. at A1, with a negative outlook.

increased in recent years, focusing to a large extent on the HD stores. The social protest movement raised customer awareness of retail prices.

The fuel marketing segment is highly regulated, with fierce competition over margins and gas stations, and decline profitability in the last few years. In the short term, the High Court of Justice stands to hand down a decision on reducing the markets margins. This decision, together with the moderating measures that the Company will be able to adopt, will have far-reaching implications on the segment and the credit risk of the sector's companies.

The Company has a fairly high level of leverage, partly owing to capital investments and the distribution of a special dividend in 2010, due to the acquisition of Dor Alon. Midroog expects that the Company will adhere to a dividend payout policy of no more than 50% of its net profit.

Alon Holdings Blue Square – Israel (consolidated), Key Financial Data, in NIS Millions*

	1-9/2011	1-9/2010	FY 2010	FY 2009	FY 2008	FY 2007
	Incl. consolidation of Dor Alon	Not incl. consolidation of Dor Alon	Incl. Consolidation of Dor Alon as of October	Not incl. consolidation of Dor Alon		
Revenues	9,443	5,520	8,501	7,349	7,429	6,982
Gross Profit	2,226	1,573	2,311	2,058	2,059	1,852
Operating profit (EBIT)	270	191	241	241	265	289
Net profit	150	61	63	98	132	176
Gross profit %	23.6%	28.5%	27.2%	28.0%	27.7%	26.5%
Operating margin %	2.9%	3.5%	2.8%	3.3%	3.6%	4.1%
EBITDA	473	329	448	406	419	430
FFO	277	221	276	305	273	386
CAPEX	273	152	248	234	311	210
Dividends paid	-	75	875	-	150	280
Total balance sheet assets	9,509	5,595	8,764	5,165	4,445	4,072
Liquid financial assets	491	710	534	825	282	359
Debt	4,832	2,485	4,671	2,341	1,694	1,432
Net debt	4,341	1,775	4,137	1,516	1,412	1,073
Equity	1,702	1,209	1,582	1,226	1,096	1,248
Equity-to-balance sheet total	17.9%	21.6%	18.0%	23.7%	24.7%	29.6%
Debt-to-CAP	73.6%	67.0%	74.1%	65.4%	60.4%	53.0%

* As of October 3, 2010, the Company consolidates the financial statements of Dor Alon.

Alon Holdings Blue Square According to Major Segments, NIS Millions

	1-9/2011	1-9/2010	FY 2010	FY 2009	FY 2008
Revenues:					
Supermarkets	5,076	5,155	6,894	6,863	6,967
Non-food	343	347	439	464	442
Gas stations-retail stores*	4,002	n/a	1,145	n/a	n/a
Real estate	22	18	25	22	20
Segment Results:					
Supermarkets**	150	184	233	191	246
Non-food	(13)	8	(20)	23	29
Gas stations-retail stores*	156	n/a	39	n/a	n/a
Real estate	39	24	28	33	26
Other details:					
Number of supermarket branches at end of period	211	205	206	203	194
Number of gas stations with commercial area at end of period	193	187	188	183	178
Number of convenience stores and AM-PM stores at end of period	195	n/a	177	n/a	n/a

* Data regarding the segment of gas stations-retail stores start from October 2010, when Dor Alon was consolidated. Figures for 2010 include consolidation of this segment for only three months.

** The results of the supermarkets segment do not include rent costs paid to the subsidiary, Blue Square Real Estate, which is offset in consolidation against the revenues of Blue Square Real Estate.

Key Rating Factors

Strong business positioning in the segment, with emphasis on extensive nationwide deployment and business diversity

The Company's activities, which cover a number of core businesses, are characterized by strong business positioning, business diversity, leading market shares, strong brand names, extensive nationwide deployment, experience and reputation. The Company has over 700 sales points. In the supermarket segment, the Company is Israel's second largest food retailer. As of September 30, 2011, Blue Square had 211 branches nationwide under the Mega, Mega Bul, Mega in the Town, Zol B'Shefa (Shefa Shuk) and Eden Teva Markets. The Company has a strong presence in urban centers, and is striving to branch out to convenience stores in the cities, where it has a strong position and comparative advantages in relation to its competitors. Mega has more than one million members in its Members club, and its private label is on an uptrend. The Company is known for its business innovation and growth engines, such as Mega through website and the Eden Teva Market, which is expected to make a positive contribution to growth in revenue and profit within a short time. The gas station and commercial segment, through its holding of the Dor Alon subsidiary, commands a significant market share, through countrywide disperse and enjoys strong branding. Dor Alon has 193 gas stations and also has a retail food business through its 126 convenience stores located in Alonit brand and 45 AM:PM brand stores. Dor Alon's business and financial position is good, as reflected in its credit rating (A2 - on Watch List).

Moderate segment risk, which increased during 2011

The retail food segment is characterized by moderate business risk, fairly stable demand, and rather predictable cash flow. Profit in the segment is quite stable in the long term. The segment is characterized by wide business diversification in terms of customers, branches and products; low working capital needs and moderate growth corresponding to GDP growth. At the same time, the profit margins of companies in that sector are lower than operating profit (EBIT) in other industrial sectors. The entry barriers in the segment are not high: The past two years characterized in rise in commercial space in the segment, which included new players, mainly the heavy discount stores, a trend that is expected to continue and burden competition by reduce profitability, especially given low customer loyalty.

The social protest in Israel erupted in late June 2011. This raised consumer awareness of sale prices and triggered a drop in sale prices and special discount prices. All these developments had a negative affect of the profits of all companies in that segment. On November 27, 2011, the inter-ministerial committee for examining competition and prices in consumer products (the Kedmi Committee) submitted its recommendations. The recommendations of the Kedmi Committee, if adopted, stand to restrict the operations of the large marketing chains and impose control over their commercial practices towards suppliers and distributors. The Committee also recommended limiting the growth of the food retailers whose market share has reached 25%. The recommendations of the Kedmi Committee and the Trachtenberg Committee are factors with an influence regarding medium and long-term uncertainty.

The fuel marketing segment, which accounts for most of Dor Alon's business, is also characterized by fairly moderate business risk owing to the high entry barriers and strong demands, but is negatively impacted by tough competition, regulatory control, and moderate profits. In September 2011, the Ministry of National Infrastructures published a supervisory decree ordering that the market spreads be reduced. On the heels of this decree, the fuel marketing companies petitioned the High Court of Justice appealing this decision. The decision on the percentage of market spreads will be rendered shortly, and is may have a negative impact on the results of companies in the segment.

Continued Weakness in the Supermarket Segment

The supermarket segment is the Company's main profit-generator, accounting for about 55% of its consolidated operating profit. Revenue in the supermarket segment totaled NIS 5.076 billion in the first nine months of 2011, compared with about NIS 5.155 billion in the corresponding period in 2010 – reflecting a decline of about 1.5%. The total revenue per square meter in this period was about NIS 18,260 compared to about NIS 18,780 in the corresponding period last year. The Company represents low revenue per sq.m. for the segment. In the first nine months of 2011, the Company reports a decline in same stores sales (SSS) of 1.2%, with large volatility during this period (an increase of 1.7% in the first six months of 2011, compared with the corresponding period in 2010, and a decline of 6.7% in the third quarter of 2011, compared with the corresponding quarter in 2010). It also posted a decline in the contribution of non-same stores (eight openings offset by four closures, during the past 12 months). The weakness in same-store sales in the third quarter, which was greatly affected by the discounts that followed the social protest, was characteristic of the entire segment, although not to the same degree. During the years, the company reports a lower same-stores sales rates compares of the other competitors in the segment.

Supermarket segment profit totaled about NIS 150 million in the first nine months of 2011, a decrease of 18% compared to about NIS 184 million in the corresponding period in 2010. This drop was largely due to a steep 41% decline in the third quarter; compared with the corresponding quarter in 2010 (the drop in the second half alone was 8%, compared with the corresponding period in 2010). The decrease in operating profit resulted from deteriorating competition between the retail food companies, especially the HD players, and an increase in Payroll expenses, mostly due to the revision in the minimum wage and the cost of living increment in the public segment. This rise was partially offset by a decrease in advertising expenses between the periods. The decline in results was expressed mainly in the results for the third quarter of 2011. Midroog assestes that the Company's operating expenses structure constitutes a burden, particularly at a time when competition is intensifying. Furthermore, in our opinion, the Company faces management challenges in the Mega Bool sub-chain, which specializes in HD, a strategic target for the Company since 2009.

According to the Company, in 2012 the supermarket segment should present better operating results, especially due to an increase in selling prices, operating cost-cutting measures, and the opening of new branches. Emphasis will be placed on Mega in the Town branches, which are characterized by higher profitability as part of the strategy to establish a balanced mix between convenience stores and the discount chain.

It should be noted that as of September 30, 2011, the potential synergy between Dor Alon and Blue Square had not yet been achieved, and was not reflected in the consolidated results.

The non-food segment posted an operating loss of about NIS 13 million in the first nine months of 2011, compared with an operating profit of about NIS 8 million in the corresponding period in 2010. The reason for this decline was lower sales to franchisees, mainly in the area of household products, and indirect expenses and implications of the move to the new logistic center and administration consolidation expenses. It should be noted that the Company makes some movements in order to improve its results in this segment.

Relatively high leverage, erosion coverage ratios, expected improvement in the coming quarters

As of September 30, 2011, consolidated debt totaled about NIS 4,832 million, up from about NIS 4,671 million at the end of 2010. About NIS 1.74 billion of the consolidated debt balance as of September 30, 2011 was posted in the balance sheets of Blue Square Real Estate. Another NIS 1.78 billion was entered in the balance sheet of Dor Alon. The rest of the debt finances the retail activity, the non food and a solo debt, which was used primarily to finance a special dividend. The rise in debt between the periods resulted mostly from working capital requirements in the gas stations-retail store segment, which was affected by fuel prices and capital investment in fixed assets. Increase in consolidated debt in 2010, was due to the initial consolidation of Dor Alon, the distribution of an NIS 800 million special dividend, and a NIS 248 million investment in fixed assets, including an investment in expansion of the non-food division, investment in branches, and expansion of the Eden Teva Market. Debt also rose in the same period in the balance sheets of Blue Square Real Estate. As of September 30, 2011, the ratio of debt to CAP in the consolidated balance sheet was 73.6%, compared to 74.1% on December 31, 2010.

The weakening of financial results, combined with the increase in the debt of the group's companies, had a negative impact on the Company's adjusted coverage ratios and detracted from its financial strength. The ratio of adjusted net debt coverage to EBITDAR rose from 5.6 at the initial rating to 6.3 as of September 30, 2011, and the coverage ratio of adjusted net debt to FFOR rose from 9.1 to 10.7. Midroog expects some improvement in the coverage ratios within the next four quarters, given the expected improvement in EBIT. Midroog expects that the Company will not deviate in the long term from 7.0 net debt coverage to EBITDAR ratio.

In assessing the coverage ratios, Midroog deducts both the debt and the cash balances in the books of the Blue Square Real Estate subsidiary from the net consolidated debt. At the same time, the remaining debt is adjusted to reflect discounting of the rent paid by the Company for properties that it rents from both its subsidiary and from third parties. This adjustment is designed to exclude the effects of the real estate segment on this ratio for comparative purposes. The risk of Blue Square Real Estate's leverage, especially with respect to new development projects in which this subsidiary is involved, is taken in account separately.

Good liquidity, relying primarily on cash balances, strong cash flow from current activities, and good access to sources of financing

The group (the group's following data relates to the consolidated company) posted cash flow from operating activity of about NIS 332 for the nine months ended September 30, 1011. The group has demonstrated a high cash-generating ability from its activity over the years. The group posts funds from operations (FFO) of about NIS 276 million for the first nine months of 2011 and about NIS 277 million for all of 2010. The group reported a free cash flow (FCF) of about NIS 58 million in the first nine months of 2011, and a negative FCF in 2010. The negative FCF was affected by significant investments in fixed assets, which include an investment in expanding the non-food arm, an investment in branches and an expansion of the Eden Nature Market chain. The FCF also included a special onetime dividend of about NIS 800 million against receipt of shares of the parent company in Dor Alon. Midroog assess, the group's level of capex investments will remain high during the period of the rating outlook.

The Company's liquidity is good in comparison with its debt servicing needs, which is reliant on its cash-generating ability from operations. As of September 30, 2011, the group's liquid balances totaled about NIS 490 million, about 50% of which are in the Dor Alon subsidiary. The consolidated group's long-term debt principal payment needs in 2012 and 2013 came to about NIS 513 million and about NIS 691 million, respectively, of which about NIS 182 million and about NIS 459 were for the payment of the bond principal in each of those years, respectively. The debt repayment burden will rise in 2013 due to a payment of about NIS 273 million for the principal on Blue Square Real Estate bonds. The Company also has a substantial credit card balance, which is paid off the month, and therefore is not reflected in the balance sheet figures for the end of the month. Midroog believes that this contributes to financial flexibility. The majority of the Company's assets are not pledged. The Company is required to meet financial covenants, and has met all of them as of September 30, 2011. Midroog takes positive note of the Company's long-term proven relations with the banks.

Rating Outlook

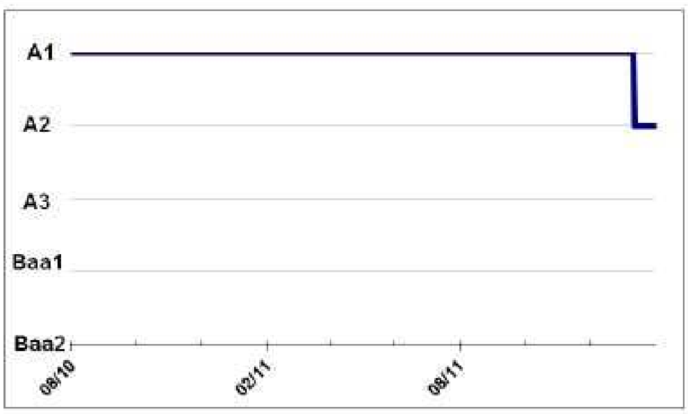
Factors that could raise the rating:

- A decrease in leverage and an improvement in the coverage ratios
- A major sustained improvement in FCF

Factors likely to lower the rating

- A continued increase in the ratio of adjusted net debt to adjusted EBITDAR above 7.0
- Distribution of more than 50% of net profit as a dividend.
- Weakening of the Company's business position, as reflected, among other things, in its market share, competitive standing, positioning, etc.

Rating History



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About the Company

Alon Holdings Blue Square – Israel Ltd. ("**Blue Square**" or the "**Company**"), a public company listed on the Tel Aviv and the New York Stock Exchanges, is Israel's second largest food retailer. Alon Israel Fuel Company Ltd. ("Alon" or "the parent company"), a private holding company operating in the retail and energy segments in Israel and overseas, owns 77.26% of the Company. Ownership of Alon is shared by Bielsol Investments Ltd., a private company jointly owned by David Wiessman and the Biran family – 53%, and buyers organizations belonging to kibbutzim (collective communities) – 47%. Starting in 2010, the Company operates through four main subsidiaries: Mega Retail ("**Mega**" – 100% owned), which handles the retail food business; BEE Retail Group ("**BEE Group**" – 100% owned), which handles the non-food retail business; **Dor Alon** (a 78.38% holding), one of the leading companies in Israel in the marketing and sale of fuel; and Blue Square Real Estate ("**Blue Square Real Estate**" – a 78.26% holding), which owns real estate properties, most of which are currently leased for retail activity.

Zeev Vurembrand is CEO of the Company, and David Wiessman is chairman of the board of directors.

Related Reports

Previous rating report – initial rating report, August 2010

Dor Alon Energy Israel Ltd. rating report – annual monitoring report, July 2011

Retail Methodology –Rating Methodology," August 2010

"Methodology for Adapting Financial Ratios," – November 2010

The reports are published on the Midroog website – www.midroog.co.il

Date of report: January 24, 2012

KEY FINANCIAL TERMS

Interest	Net financing expenses from Income Statement
Cash Interest	Financing expenses from income statement after adjustments for non-cash flow expenditures from statement of cash flows
Operating profit (EBIT)	Profit before tax, financing and onetime expenses/profits
Operating profit before amortization (EBITA)	EBIT + amortization of intangible assets.
Operating profit before depreciation and amortization (EBITDA)	EBIT + depreciation + amortization of intangible assets.
Operating profit before depreciation, amortization and rent/leasing (EBITDAR)	EBIT + depreciation + amortization of intangible assets + rent + operational leasing.
Assets	Company's total balance sheet assets.
Debt	Short term debt + current maturities of long-term loans + long-term debt + liabilities on operational leasing
Net debt	Debt - cash and cash equivalent – long-term investments
Capitalization (CAP)	Debt + total shareholders' equity (including minority interest) + long-term deferred taxes in balance sheet
Capital investments **Capital Expenditures (CAPEX)**	Gross investments in equipment, machinery and intangible assets
Funds From Operations (FFO)*	Cash flow from operations before changes in working capital and before changes in other asset and liabilities
Cash Flow from Current Operations (CFO)*	Cash flow from operating activity according to consolidated cash flow statements
Retained Cash Flow (RCF)*	Funds from operations (FFO) less dividend paid to shareholders
Free Cash Flow (FCF)*	Cash flow from operating activity (CFO) - CAPEX - dividends

* It should be noted that in IFRS reports, interest payments and receipts, tax and dividends from investees will be included in the calculation of the operating cash flows, even if they are not entered in cash flow from operating activity.

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MIDROOG

Obligations Rating Scale

Investment grade	**Aaa**	Obligations rated Aaa are those that, in Midroog's judgment, are of the highest quality and involve minimal credit risk.
	Aa	Obligations rated Aa are those that, in Midroog's judgment, are of high quality and involve very low credit risk.
	A	Obligations rated A are considered by Midroog to be in the upper-end of the middle rating, and involve low credit risk.
	Baa	Obligations rated Baa are those that, in Midroog's judgment, involve moderate credit risk. They are considered medium grade obligations, and could have certain speculative characteristics.
Speculative Investment	**Ba**	Obligations rated Ba are those that, in Midroog's judgment, contain speculative elements, and involve a significant degree of credit risk.
	B	Obligations rated B are those that, in Midroog's judgment, are speculative and involve a high credit risk.
	Caa	Obligations rated Caa are those that, in Midroog's judgment, have weak standing and involve a very high credit risk.
	Ca	Obligations rated Ca are very speculative investments, and are likely to be in, or very near to, a situation of insolvency, with some prospect of recovery of principal and interest.
	C	Obligations rated C are assigned the lowest rating, and are generally in a situation of insolvency, with poor prospects of repayment of principal and interest.

Midroog applies numerical modifiers 1, 2 and 3 in each of the rating categories from Aa to Caa. Modifier 1 indicates that the bond ranks in the higher end of the letter-rating category. Modifier 2 indicates that the bonds are in the middle of the letter-rating category; and modifier 3 indicates that the bonds are in the lower end of the letter-rating category.

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MIDROOG

Report No. CTR040112200M

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