

**JSC Caucasus Energy & Infrastructure**

**Audited Consolidated Financial Statements**

**31 December 2009**

**JSC Caucasus Energy & Infrastructure**  
**Consolidated Statement of Financial Position**  
*In thousands of Georgian Lari*

	31 December 2009	31 December 2008 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,295	104
Investment property	11,615	7,775
Available-for-sale financial assets	628	2,522
Restricted cash	13,312	11,089
Deferred income tax assets	663	733
<b>Total non-current assets</b>	<b>29,513</b>	<b>22,223</b>
<b>Current assets</b>		
Assets held for sale	488	481
Trade and other receivables	2,350	4,646
Current income tax prepayments	343	-
Loan advanced	-	3,236
Bank deposits	17,795	26,377
Cash and cash equivalents	9,333	28,863
<b>Total current assets</b>	<b>30,309</b>	<b>63,603</b>
<b>TOTAL ASSETS</b>	<b>59,822</b>	<b>85,826</b>
<b>EQUITY</b>		
Share capital	11,784	12,500
Share premium	40,117	43,969
Treasury shares	(6,460)	(6,465)
Other reserve	313	337
Retained earnings/(accumulated deficit)	13,439	7,205
<b>Total equity attributable to Company's equity holders</b>	<b>59,193</b>	<b>57,546</b>
Minority interest	64	96
<b>Total EQUITY</b>	<b>59,257</b>	<b>57,642</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liability	117	76
<b>Total non-current liabilities</b>	<b>117</b>	<b>76</b>
<b>Current liabilities</b>		
Trade and other payables	336	154
Current income tax liability	112	1,559
Borrowings	-	26,395
<b>Total current liabilities</b>	<b>448</b>	<b>28,108</b>
<b>Total liabilities</b>	<b>565</b>	<b>28,184</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>59,822</b>	<b>85,826</b>

Approved for issue and signed on behalf of the Management Board of the Company on 1 April 2010.



Archil Mamatelashvili  
Chief Executive Officer



Irakli Bezhuashvili  
Chief Financial Officer

**JSC Caucasus Energy & Infrastructure****Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2009***In thousands of Georgian Lari*

	<b>2009</b>	<b>2008 (Restated)</b>
Other income	228	-
Net (losses) gains from revaluation of assets held for sale	7	(407)
Net (losses) gains from revaluation of investment property	(157)	(4,576)
Foreign exchange losses less gains	1,175	8,111
Net gain from investment securities available-for-sale	2,500	-
Salaries and other benefits	(438)	(377)
General and administrative expenses	(1,426)	(605)
Depreciation and amortization charges	(25)	(13)
<b>Operating profit</b>	<b>1,864</b>	<b>2,133</b>
Finance income	4,888	6,570
Finance costs	(172)	(90)
<b>Profit before income tax</b>	<b>6,580</b>	<b>8,613</b>
Income tax expense	(378)	(1,311)
<b>Profit for the year</b>	<b>6,202</b>	<b>7,302</b>
<b>Other comprehensive income</b>		
Available-for-sale assets:		
- Gains less losses arising during the year	(28)	397
Income tax recorded directly in other comprehensive income	4	(60)
<b>Other comprehensive income for the year</b>	<b>(24)</b>	<b>337</b>
<b>Total comprehensive income for the year</b>	<b>6,178</b>	<b>7,639</b>
<b>Profit attributable to:</b>		
- Shareholders of the Company	6,234	7,341
- Minority interest	(32)	(39)
<b>Profit for the year</b>	<b>6,202</b>	<b>7,302</b>
<b>Total comprehensive income attributable to:</b>		
- Shareholders of the Company	6,210	7,678
- Minority interest	(32)	(39)
<b>Total comprehensive income for the year</b>	<b>6,178</b>	<b>7,639</b>
Earnings per share for profit attributable to the owners of the Company, basic and diluted	0.29	0.36

**JSC Caucasus Energy & Infrastructure**  
**Consolidated Statement of Changes in Equity**  
*In thousands of Georgian Lari*

	Attributable to equity holders of the Group					Total	Minority interest	Total equity
	Share capital	Share premium	Treasury Shares	Retained earnings	Other reserves			
<b>Balance at 1 January 2008</b>	<b>308</b>	<b>1,495</b>	<b>(58)</b>	<b>(136)</b>	<b>-</b>	<b>1,609</b>		<b>1,609</b>
Net change in available-for-sale financial assets	-	-	-	-	337	337	-	337
Net income and expense for the period recognized directly in equity	-	-	-	-	337	337	-	337
Net profit for the year	-	-	-	7,341	-	7,341	(39)	7,302
Total income and expense for the year restated	-	-	-	7,341	337	7,678	(39)	7,639
Share-based payments	-	35	6	-	-	41	-	41
Issue of share capital	12,192	65,853	-	-	-	78,045	-	78,045
Minority interest arising on acquisition of subsidiary	-	-	-	-	-	-	135	135
Purchase of treasury shares	-	(23,414)	(6,413)	-	-	(29,827)	-	(29,827)
<b>Balance at 31 December 2008</b>	<b>12,500</b>	<b>43,969</b>	<b>(6,465)</b>	<b>7,205</b>	<b>337</b>	<b>57,546</b>	<b>96</b>	<b>57,642</b>
								-
Net change in available-for-sale financial assets	-	-	-	-	(24)	(24)	-	(24)
Net income and expense for the year recognized directly in equity	-	-	-	-	(24)	(24)	-	(24)
Profit for the year	-	-	-	6,234	-	6,234	(32)	6,202
Total income and expense for the year	-	-	-	6,234	(24)	6,210	(32)	6,178
Share-based payments	-	17	5	-	-	22	-	22
Canceled share issue	(716)	(3,869)	-	-	-	(4,585)	-	(4,585)
<b>Balance at 31 December 2009</b>	<b>11,784</b>	<b>40,117</b>	<b>(6,460)</b>	<b>13,439</b>	<b>313</b>	<b>59,193</b>	<b>64</b>	<b>59,257</b>

**JSC Caucasus Energy & Infrastructure**  
**Consolidated Statement of Cash Flows**  
*In thousands of Georgian Lari*

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Cash paid to suppliers	(3,115)	(578)
Salary paid	(409)	(240)
Income tax paid	(2,055)	(444)
Interest paid	(261)	-
<b>Net cash used in operating activities</b>	<b>(5,840)</b>	<b>(1,262)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary, net of cash acquired	-	(5)
Purchases of available-for-sale financial assets	-	(2,125)
Proceeds from sale of available-for-sale financial assets	3,875	-
Acquisition of assets held for sale	-	(889)
Purchase of investment property	(400)	(12,216)
Loans granted	-	(3,000)
Purchase of property, plant and equipment	(3,193)	(117)
Placement of restricted cash	(2,754)	(10,769)
Withdrawal/(placement) of bank deposits	9,050	(25,452)
Acquisition of intangible assets	(3)	(2)
Interest received	8,975	2,383
<b>Net cash generated from/(used in) from investing activities</b>	<b>15,550</b>	<b>(52,192)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	73,459
Purchase of treasury shares	-	(29,827)
Proceeds from borrowings	-	26,209
Repayments of borrowings	(26,343)	-
<b>Net cash (used in)/ generated from financing activities</b>	<b>(26,343)</b>	<b>69,841</b>
Effect of exchange rate on cash and cash equivalents	189	7,722
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,444)</b>	<b>24,109</b>
Cash and cash equivalents at beginning of the period	25,699	1,590
<b>Cash and cash equivalents at end of the period</b>	<b>9,255</b>	<b>25,699</b>