

Caucasus Energy & Infrastructure Group

Audited Consolidated Financial Statements

31 December 2010

CAUCASUS ENERGY & INFRASTRUCTURE GROUP
Consolidated Statement of Financial Position
In thousands of Georgian Lari

	Notes	31 December 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	8	19,078	3,295
Advance payment for non-current assets		107	844
Investment property	9	11,718	11,615
Available-for-sale financial assets	10	-	628
Restricted cash	11	11,655	13,312
Deferred income tax assets	12	1,014	663
Total non-current assets		43,572	30,357
Current assets			
Asset held for sale		-	488
Other receivables	13	2,797	1,506
Current income tax prepayments		223	343
Bank deposits	14	6,322	17,795
Cash and cash equivalents	15	10,059	9,333
Total current assets		19,401	29,465
TOTAL ASSETS		62,973	59,822
EQUITY			
Share capital	17	11,784	11,784
Share premium	17	40,804	40,117
Treasury shares	17	(5,438)	(6,460)
Other reserve	10	-	313
Retained earnings		14,818	13,439
Equity attributable to the Company's equity holders		61,968	59,193
Non-controlling interest		-	64
TOTAL EQUITY		61,968	59,257
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	12	53	117
Total non-current liabilities		53	117
Current liabilities			
Trade and other payables	16	799	336
Current income tax liability		153	112
Total current liabilities		952	448
TOTAL LIABILITIES		1,005	565
TOTAL LIABILITIES AND EQUITY		62,973	59,822

Approved for issue and signed on behalf of the Management of the Group on 19 May 2011.



Archil Mamatelashvili
Chief Executive Officer



Irakli Bezhuashvili
Chief Financial Officer

CAUCASUS ENERGY & INFRASTRUCTURE GROUP
Consolidated Statement of Comprehensive Income
In thousands of Georgian Lari

	Notes	2010	2009
Foreign exchange gain, net	18	653	1,175
Gain from sale of available-for-sale financial assets		533	2,500
Gain on sale of a subsidiary		24	-
Other income		426	235
Net losses from revaluation of investment property	9	(65)	(157)
Employee benefits	19	(3,064)	(438)
General and administrative expenses	20	(775)	(1,426)
Depreciation and amortisation charges		(40)	(25)
Operating (loss)/profit		(2,308)	1,864
Finance income	21	3,384	4,888
Finance costs		-	(172)
Profit before income tax		1,076	6,580
Income tax credit/(expense)	12	303	(378)
Profit/(loss) attributable to:			
- Company's equity holders		1,379	6,234
- Non-controlling interest		-	(32)
Profit for the year		1,379	6,202
Other comprehensive income/(loss)			
Available-for-sale financial assets:			
- Fair value gains arising during the year	10	164	2,472
- Gains less losses recycled to profit or loss	10	(533)	(2,500)
- Income tax recorded directly in other comprehensive income		56	4
Total other comprehensive loss for the year		(313)	(24)
Total comprehensive income/(loss) attributable to:			
- Company's equity holders		1,066	6,210
- Non-controlling interest		-	(32)
Total comprehensive income for the year		1,066	6,178

CAUCASUS ENERGY & INFRASTRUCTURE GROUP**Consolidated Statement of Changes in Equity***In thousands of Georgian Lari*

	Attributable to the Company's equity holders						NCI*	Total equity
	Share capital	Share premium	Treasury Shares	Retained earnings	Other reserve	Total		
At 1 January 2009	12,500	43,969	(6,465)	7,205	337	57,546	96	57,642
Total comprehensive income for the year	-	-	-	6,234	(24)	6,210	(32)	6,178
Share-based payments	-	17	5	-	-	22	-	22
Cancelled share issue	(716)	(3,869)	-	-	-	(4,585)	-	(4,585)
At 31 December 2009	11,784	40,117	(6,460)	13,439	313	59,193	64	59,257
Total comprehensive income for the year	-	-	-	1,379	(313)	1,066	-	1,066
Sale of subsidiary	-	-	-	-	-	-	(64)	(64)
Share-based payments	-	613	1,022	-	-	1,635	-	1,635
Issue of share capital	-	74	-	-	-	74	-	74
At 31 December 2010	11,784	40,804	(5,438)	14,818	-	61,968	-	61,968

() NCI – Non-controlling Interest*

CAUCASUS ENERGY & INFRASTRUCTURE GROUP**Consolidated Statement of Cash Flows***In thousands of Georgian Lari*

	Note	2010	2009
Cash flows from operating activities			
Salaries and other benefits paid		(938)	(492)
Administrative and other operating expenses paid		(939)	-
Taxes paid other than on income		(1,387)	-
Income tax paid		(61)	(2,055)
Interest paid		-	(262)
Net cash used in operating activities		(3,325)	(2,809)
Cash flows from investing activities			
Proceeds from sale of available-for-sale investment securities		1,202	3,875
Proceeds from sale of subsidiary		263	-
Prepayments for construction		737	(844)
Other income		508	-
Purchase of investment property	9	-	(400)
Purchase of property, plant and equipment		(14,610)	(5,426)
Proceeds from disposal of property, plant and equipment		-	45
Withdrawal/(placement) of restricted cash		2,277	(2,757)
Withdrawal of bank deposits		10,288	9,050
Interest received		3,431	8,975
Net cash generated from investing activities		4,096	12,518
Cash flows from financing activities			
Repayment of borrowings		-	(26,343)
Net cash used in financing activities		-	(26,343)
Effect of exchange rate on cash and cash equivalents		33	188
Net increase/(decrease) in cash and cash equivalents		804	(16,444)
Cash and cash equivalents at beginning of the year	15	9,255	25,699
Cash and cash equivalents at end of the year	15	10,059	9,255