**JSC Insurance Company Alpha**

**Consolidated Financial Statements**

For the year ended 31 December 2015

Together with Independent Auditor's Report

**Content:**

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of JSC Insurance Company Alpha**

We have audited the accompanying Consolidated Financial Statements of **JSC Insurance Company Alpha** and its subsidiary (hereinafter - the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2015, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of **JSC Insurance Company Alpha** and its subsidiary as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

***Other Matter***

As part of our audit of the 2015 consolidated financial statements we also audited the adjustments described in Note 4 that were applied to amend the consolidated financial statements prepared as at 31 December 2014 and 2013, which were audited by other auditor and they expressed an unmodified opinion on those consolidated financial statements on 15 May 2015. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 and 2013 consolidated financial statements of the Group other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 and 2013 consolidated financial statements taken as a whole.

27 April 2016

**BDO LLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2015

(Thousands of Georgian Lari)

| | Note | 2015 | 2014* |
|---|---|---|---|
| Gross written premiums on insurance contracts | | 8,055 | 7,846 |
| Reinsurer's share in gross written premium on insurance contracts | | (708) | (281) |
| **Net written premium** | | **7,347** | **7,565** |
| Changes in provision for unearned premiums | | 1,387 | 4,831 |
| Changes in the re-insurers portion in provision for unearned premiums | | 150 | 62 |
| **Net insurance premiums earned** | 5 | **8,884** | **12,458** |
| Commission income | 6 | 189 | 65 |
| **Total insurance revenue** | | **9,073** | **12,523** |
| Healthcare revenue | 7 | 10,302 | 7,475 |
| Other operating income | 8 | 136 | 122 |
| **Total operating income** | | **19,511** | **20,120** |
| | | | |
| Insurance claims and loss adjustment expenses | | (8,179) | (9,622) |
| Insurance claims and loss adjustment expenses recovered from reinsurers | | 451 | 38 |
| **Net insurance claims incurred** | 9 | **(7,728)** | **(9,584)** |
| | | | |
| Changes in inventories | | 118 | 82 |
| Cost of goods purchased | | (1,395) | (1,149) |
| Employee benefit expenses | | (7,057) | (5,995) |
| Depreciation and amortization expenses | 21.22 | (997) | (778) |
| Rent expenses | | (246) | (145) |
| Other operating expenses | 10 | (1,555) | (1,221) |
| **Total operating expenses** | | **(11,132)** | **(9,206)** |
| **Results from operating activities** | | **651** | **1,330** |
| | | | |
| Financial income | 11 | 367 | 312 |
| Finance costs | 12 | (24) | (7) |
| Net gain (loss) from foreign currencies | | (32) | (3) |
| **Profit before income tax expense** | | **962** | **1,632** |
| Income tax expense | 13 | (95) | (34) |
| **Profit for the year** | | **867** | **1,598** |

* The effect of changes of comparative information in the consolidated statement of comprehensive income is disclosed in Note 4 to the consolidated financial statements.

Consolidated financial statements prepared as of 31 December 2015 are signed and authorised for release on behalf of management on 27 April 2016:

General Director ____________________ M. Sologhashvili

Financial Director ____________________ R. Makharadze

The accompanying notes on pages 9 to 44 are an integral part of these consolidated financial statements.

**JSC INSURANCE COMPANY ALPHA**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2015

(Thousands of Georgian Lari)

| | Note | 31.12.2015 | 31.12.2014* | 01.01.2014* |
|---|---|---|---|---|
| Cash and cash equivalents | 14 | 7,067 | 3,968 | 2,285 |
| Placement with banks | 15 | 59 | 1,373 | 1,351 |
| Insurance and reinsurance receivables | 16 | 2,816 | 4,641 | 9,114 |
| Trade and other receivables | 17 | 2,417 | 1,763 | 1,236 |
| Reinsurance assets | 18 | 340 | 110 | 132 |
| Tax assets other than income tax | 19 | 2 | 254 | 23 |
| Current income tax asset | | 10 | 13 | 516 |
| Inventory | 20 | 548 | 430 | 348 |
| Intangible assets | 21 | 376 | 246 | 205 |
| Property and equipment | 22 | 11,712 | 10,375 | 10,524 |
| **Total assets** | | **25,347** | **23,173** | **25,734** |
| **Equity** | | | | |
| Share capital | 23 | 32,120 | 29,000 | 28,420 |
| Accumulated loss | | (21,399) | (22,266) | (23,864) |
| **Total equity** | | **10,721** | **6,734** | **4,556** |
| **Liabilities** | | | | |
| Insurance contract liabilities | 18 | 8,471 | 10,934 | 16,657 |
| Other insurance liabilities | 24 | 40 | 21 | 35 |
| Trade and other payables | 25 | 3,370 | 3,633 | 3,750 |
| Deferred commission income | 26 | 78 | 20 | 8 |
| Deferred income tax liability | 13 | 471 | 376 | 342 |
| Received grant from government | 27 | 195 | 250 | 311 |
| Borrowings | 28 | 2,001 | 1,201 | - |
| Tax liabilities other than income tax | | - | 4 | 75 |
| **Total liabilities** | | **14,626** | **16,439** | **21,178** |
| **Total equity and liabilities** | | **25,347** | **23,173** | **25,734** |

* The effect of changes of comparative information in the consolidated statement of financial position is disclosed in Note 4 to the consolidated financial statements.



The accompanying notes on pages 9 to 44 are an integral part of these consolidated financial statements.

(Thousands of Georgian Lari)

| | Share capital | Accumulated loss | Total |
|---|---|---|---|
| **Balance at 1 January 2014*** | **28,420** | **(23,864)** | **4,556** |
| Increase in share capital | 580 | - | **580** |
| Total comprehensive income for the year* | - | 1,598 | **1,598** |
| **Balance at 31 December 2014*** | **29,000** | **(22,266)** | **6,734** |
| Increase in share capital | 3,120 | - | **3,120** |
| Total comprehensive income for the year | - | 867 | **867** |
| **Balance at 31 December 2015** | **32,120** | **(21,399)** | **10,721** |

* The effect of changes of opening balances in the consolidated statement of changes in equity is disclosed in Note 4 to the consolidated financial statements.

The accompanying notes on pages 9 to 44 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

(Thousands of Georgian Lari)

| | 2015 | 2014* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Insurance premiums received | 9,209 | 11,010 |
| Healthcare revenue received | 9,621 | 7,911 |
| Other income received | 409 | 94 |
| Interest received from placements with banks | 435 | 309 |
| Withdrawal of placements with banks | 1,246 | 1,252 |
| Increase in placements with banks | - | (1,269) |
| Insurance claims paid | (9,061) | (10,196) |
| Salaries and other employee benefits paid | (5,747) | (6,023) |
| Amounts paid to reinsurers | (242) | (132) |
| Commissions paid | (17) | (19) |
| Other expenses paid | (3,460) | (2,965) |
| **Cash flows (used in) from operating activities** | **2,393** | **(28)** |
| Interest paid | (25) | (6) |
| **Cash flows (used in) from operating activities** | **2,368** | **(34)** |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of property and equipment | (3,106) | - |
| Purchase of intangible assets | (82) | (64) |
| **Cash flows used in investing activities** | **(3,188)** | **(64)** |
| | | |
| **Cash flows from financing activities** | | |
| Receipt of borrowed funds | 2,000 | 1,200 |
| Repayment of borrowed funds | (1,200) | - |
| Contribution in share capital | 3,120 | 580 |
| **Net cash flows from financing activities** | **3,920** | **1,780** |
| | | |
| Net increase in cash and cash equivalents | **3,100** | **1,682** |
| **Cash and cash equivalents, beginning (Note 14)** | **3,968** | **2,285** |
| Effect of exchange rates changes on cash and cash equivalents | (1) | 1 |
| **Cash and cash equivalents, ending (Note 14)** | **7,067** | **3,968** |

*Changes of comparative information did not have any effect on the consolidated statement of cash flows for the year ended 31 December 2014.

## 1. General information

JSC Insurance Company Alpha (the "Company") was established in 2009. The Company possesses insurance license issued by the National Bank of Georgia for life and non-life insurance products. Insurance Company Alpha, offers complete non-life insurance package for corporate and individual clients. It includes health, property, motor transport, travel, cargo and so on.

Headquarter of the Company is located in Tbilisi. The Company's legal address is 16 Kazbegi St., Tbilisi, Georgia.

As at 31 December 2015 the Company was 100%-owned by LTD Aversi Pharma. LTD Aversi Pharma is 67% and 33% owned by the ultimate shareholders Paata Kurtanidze and Nikoloz Kurtanidze, respectively.

As at 31 December 2015, 2014 and 1 January 2014 the Company owned (100% share) a subsidiary – LTD Medalpha, which main activity is healthcare service.

## 2. Significant accounting policy

Principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB).

### 2.2 Going concern assumption and basis of measurement

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations for the foreseeable future. The management and shareholders have the intention to further develop the business of the Group in Georgia. The management believes that the going concern assumption is appropriate for the Group.

The consolidated financial statements have been prepared under the historical cost bases.

The reporting period for the Company is the calendar year from January 1 to December 31.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the most appropriate application in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

### 2.3 Bais of consolidation

A ssubsidiary is an entity that is controlled by another entity as it has all the following: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee and (c) the ability to use its power over the investee to affect the amount of the investor's returns. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the *relevant activities*, i.e. the activities that significantly affect the investee's returns. Power arises from rights, among them potential voting rights. The group may have power on the investee, even if it holds less than the majority of voting rights.

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to a parent. A parent shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets) are eliminated in full for consolidation purposes.

JSC Insurance Company Alpha and its subsidiary LTD Medalpha uses the same accounting policies for like transactions and events in similar circumstances that is in conformity with the Group's accounting policies.

## 2. Summary of significant accounting policy (continued)

### 2.4 Adoption of new or revised standards and interpretations

**a) New standards, interpretations and amendments effective from 1 January 2015**

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2015, have had a material effect on the financial statements.

**b) New standards, interpretations and amendments not yet effective**

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2015, and which the Group has not early adopted. This listing of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date, therefore intends to adopt those standards when they become effective:

**IFRS 15 Revenue from Contracts with Customers.**

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the standard provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group is currently assessing the possible impact of the new standard on its financial statements.

**IFRS 9 "Financial Instruments: Classification and Measurement"** (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018)

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

(Thousands of Georgian Lari)

**2. Summary of significant accounting policy (continued)**

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.
- Derecognition requirements of financial assets and liabilities are transferred from IAS 39.

The Group is currently assessing the possible impact of the new standard on its financial statements.

### 2.5 Foreign currency translation

***a) Functional and presentation currency***

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). Consolidated financial statements are presented in Georgian lari, which is the Group's functional and presentation currency.

***b) Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Foreign exchange gains and losses that relate to monetary items are presented in the statement of comprehensive income within "Foreign exchange gains and losses".

At 31 December 2015, 2014 and 1 January 2014 the closing rate of exchange used for translating foreign currency balances was:

| | Official rate of the National Bank of Georgia | |
|---|---|---|
| | **USD** | **EUR** |
| Exchange rate as at 31.12.2015 | 2.3949 | 2.6169 |
| Exchange rate as at 31.12.2014 | 1.8636 | 2.2656 |
| Exchange rate as at 01.01.2014 | 1.7363 | 2.3891 |

### 2.6 Insurance and investment contracts – classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

## 2. Summary of significant accounting policy (continued)

### 2.7 Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts as premium is earned;

The pattern of expected profit margins is based on historical and anticipated future experience and is updated at the end of each accounting period. The resulting change to the carrying value of the DAC is charged to revenue.

### 2.8 Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC and VOBA assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC or VOBA and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

### 2.9 Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a annual basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

### 2.10 Receivables and payables related to insurance contract

These include amounts to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

*(i) Salvage and subrogation reimbursements*

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party

## 2. Summary of significant accounting policy (continued)

### 2.11 Reserves for loss and loss adjustment expenses

Reserves are established for the payment of losses and loss adjustment expenses (LAE) on claims which have occurred but are not yet settled. Reserves for loss and loss adjustment expenses fall into two categories: case reserves for reported but not settled insurance claims (RBNS) and reserves for incurred but not reported losses (IBNR).

*(i) reported but not settled insurance claims (RBNS)*

The Group forms reserve for reported but not settled involving known claims of insurers (re-insurers) at the reporting date confirmed by the relevant statements. The amount of reserve for reported but not settled insurance claims at the reporting date are the amount of reserved unpaid insurance money under known claims of insurers, with respect to which the decision on complete or partial failure in premiums payment was not made.

The amount of reserve for reported but not settled insurance claims is reported in the Company’s balance sheet as liabilities.

*(ii) reserves for incurred but not reported losses (IBNR)*

IBNR reserves are reviewed and revised periodically as additional information becomes available and actual claims are reported. The reserve for incurred but not reported insurance claims is formed by the Group at the end of reporting date and is calculated based on the Company’s past experience.

The amount of reserve for incurred but not reported insurance claims is reflected in the Group's balance as liabilities.

### 2.12 Financial instruments

**Financial assets**

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

***(a) Loans and receivables***

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers and loans granted, but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For the receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized in the statement of comprehensive income. On confirmation that the trade receivable and loan granted will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise insurance and reinsurance receivables, trade and other receivables, placements with banks and cash and cash equivalents accounts. Cash and cash equivalents include cash on current accounts and cash on hand.

***(b) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:

(a) Those that the entity upon initial recognition designates as at fair value through profit or loss

(b) Those that the entity designates as available for sale; and

(c)Those that meet the definition of loans and receivables.

**2. Summary of significant accounting policy (continued)**

***(c) Fair value through profit or loss***

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

(a) It is classified as held for trading. A financial asset is classified as held for trading if it is:

(i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term

(ii) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(b) Upon initial recognition it is designated by the entity as at fair value through profit or loss. An entity may use this designation only:

(i) If a contract contains one or more embedded derivatives. In this case an entity may designate the entire hybrid (combined) contract as a financial asset at fair value through profit or loss unless:

- The embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or
- It is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortized cost; or

(ii) When doing so results in more relevant information, because either:

- It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or recognizing the gains and losses on them on different bases; or
- A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

In current period the Group does not have financial assets at fair value through profit or loss.

***(d) Available-for-sale***

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

In current period the Group does not have available-for-sale financial assets.

***Financial liabilities***

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

***(a) Fair value through profit or loss***

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions (see financial assets for detailed information):

(a) It is classified as held for trading

(b) Upon initial recognition it is designated by the entity as at fair value through profit or loss.

In current period the Group does not have financial liabilities at fair value through profit or loss.

**2. Summary of significant accounting policy (continued)**

**(b) *Other financial liabilities***

Other financial liabilities include insurance contract liabilities, other insurance liabilities, trade and other payables, and borrowings which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

***Derecognition of financial assets***

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

### 2.13 Property and equipment

Property and equipment, are stated at cost, less accumulated depreciation and provision for impairment, where required. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or devalued amounts to their residual values over their estimated useful lives. Depreciation is charged to the statement of profit or loss.

Depreciation is calculated on a straight line basis at the following useful lives:

| Group | Useful life (year) |
|---|---|
| Buildings | 50 |
| Computers | 5 |
| Office equipment | 5 |
| Vehicles | 10 |
| Medical equipment | 10-15 |
| Land | Not depreciated |
| Work in progress | Not depreciated |
| Leasehold improvements | Within operating lease agreement |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within (losses)/gains – net in the statement of comprehensive income.

### 2.14 Intangible Assets

*Software*

Intangible assets, are stated at cost, less accumulated amortization and provision for impairment, where required. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

### 2. Summary of significant accounting policy (continued)

Amortization is calculated using the straight-line method to allocate their cost or devalued amounts to their residual values over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortization is calculated on a straight line basis during 5 years.

### 2.15 Inventory

Inventory is valued at the lower of cost and net realizable value. Cost of Inventory includes expenditure incurred in acquiring Inventory and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The main part of the inventory includes pharmaceupticals and medical materials. Movements in above-mentioned inventories are accounted for using the actual cost method (costs related to a particular batch). The FIFO (First in first out) method is used for other inventories.

### 2.16 Government grant

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Government grants related to assets, are presented in the statement of financial position by setting up the grant as deferred income. Deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

### 2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rate (and laws) that has been enacted or substantially enacted by the balance sheet date and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity where there is an intention to settle the balances on a net basis.

## 2. Summary of significant accounting policy (continued)

### 2.18 Healthcare revenue

The Group recognizes revenue when the amount of revenue can be reliably measured or it is probable that future economic benefits will flow to the entity. Revenue is shown net of corrections, rebates, discounts and after eliminating sales within the Group.

When services are provided in exchange for dissimilar goods or services, the revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalent transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Group's healthcare revenue includes revenues from insurance companies, from the state and from individuals.

Insurance companies - The group recognize the revenue from the individuals, who are insured by the different insurance companies based on the completion of the actual medical service and agreed upon terms between counterparties.

State - The group recognizes the revenue from the individuals, who are insured by the state programs based on the completion of the actual medical service and agreed upon terms between counterparties.

Free flows - The group recognizes the revenue from non - insured individuals based on the completion of the actual medical service and approved prices by the Group. Sales are usually in cash or by credit card.

### 2.19 Financial and operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

## 3. Critical accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Estimates and assumptions**

*a) The ultimate liability arising from claims made under insurance contracts*

The estimation of the ultimate liability arising from claims made under non-life insurance contracts is the Group's most significant accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for those claims.

For general insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty General insurance claims provisions are not discounted for the time value of money.

*b) Useful lives of property, equipment and intangible assets*

Property, equipment and intangible assets are depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific periods.

*c) Income tax*

The Group is subject to income tax and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities.

*d) Impairment of insurance and reinsurance receivables*

The Group assesses insurance and reinsurance receivables for impairment. The primary factors that the Group considers whether a financial asset is impaired is its overdue status and deterioration of debtor's credit rating.

The impairment is calculated based on the analysis of assets subject to risks and reflects the amount sufficient, in the opinion of the management, to cover relevant losses. The allowance are created as a result of an individual evaluation of assets subject to risks regarding financial assets being material individually and on the basis of joint evaluation of financial assets not being material individually.

(Thousands of Georgian Lari)

## 4. Reclassifications and adjustments

Following reclassifications and adjustments have been made to the consolidated financial statements as at 1 January 2014:

| Financial statements caption | Amount before restatement | Adjustment | Reclassification | Amount after restatement | Description |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 2,267 | - | 18 | 2,285 | Cash placed on a bank account as tender collateral was classified as cash and cash equivalents. |
| Deposits | 1,276 | - | (1,276) | - | Deposits and interest receivables incurred on deposits were classified as placements with banks. |
| Interest receivable | 75 | - | (75) | - | |
| Placements with banks | | | 1,351 | 1,351 | |
| Insurance receivables | 9,284 | (170) | (9,114) | - | Impairment of insurance receivables. |
| Insurance and reinsurance receivables | | | 9,114 | 9,114 | Changed the name of the FS caption. It was presented as “insurance receivables” in previous year’s financial statements. |
| Reinsurers’ share in unearned premium provision | 24 | - | (24) | - | |
| Reinsurers’ share in provisions for claims reported by policyholders | 100 | - | (100) | - | Reinsurer’s share in IBNR was separately disclosed. |
| Reinsurers’ share in provisions for claims incurred but not reported | - | 8 | (8) | - | Grouping of reinsurer’s share in insurance contract liabilities and presentation in reinsurance assets. |
| Reinsurance assets | | | 132 | 132 | |
| Other receivables and prepayments | 1,279 | (32) | (1,247) | - | Cancellation of impaired receivables. |
| Deferred acquisition cost | 7 | - | (7) | - | Grouping of FS captions for presentation purposes. It was presented as “other receivables and prepayments” and “deferred acquisition cost” in previous year’s financial statements. |
| Trade and other receivables | | | 1,236 | 1,236 | |
| Inventory | 378 | (30) | - | 348 | Inventory allowance was made. |
| Prepaid taxes | 5 | 24 | (29) | - | Adjustments of balance of tax assets. |
| Tax assets other than income tax | | | 23 | 23 | Changed the name of the FS caption. It was presented as “prepaid taxes” in previous years’ financial statements. |

(Thousands of Georgian Lari)

**4.** Reclassifications and adjustments **(continued)**

| Financial statements caption | Amount before restatement | Adjustment | Reclassification | Amount after restatement | Description |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Unearned premium provision | 8,650 | 42 | (8,692) | - | Adjustment of provisions for claims reported by policyholders. |
| Provisions for claims reported by policyholders | 7,772 | (113) | (7,659) | - | Cancellation of consolidation adjustment of health insurance unearned premium provision. |
| Provisions for claims incurred but not reported | 298 | 8 | (306) | - | Reinsurer's share in IBNR was separately disclosed. |
| Insurance contract liabilities | | | 16,657 | 16,657 | Obligations arising from insurance contracts were presented as "Insurance contract liabilities" |
| Reinsurance payables | 29 | - | (29) | - | Grouping of FS captions for presentation purposes. It was presented as "reinsurance payables" and "commission payables" in previous year's financial statements. |
| Commission payables | 6 | - | (6) | - | |
| Other insurance liabilities | | | 35 | 35 | |
| Non-insurance short-term liabilities | 3,749 | 1 | (3,750) | - | Changed the name of the FS caption. It was presented as "Non-insurance short-term liabilities" in previous years' financial statements. |
| Trade and other payables | | | 3,750 | 3,750 | |
| Tax payables | 104 | (23) | (81) | - | Adjustments of balance of tax payables. |
| Tax liabilities other than income tax | | | 75 | 75 | Changed the name of the FS caption. It was presented as "tax payables" in previous years' financial statements. |
| Deferred income tax liability | 98 | 244 | - | 342 | Adjustment of deferred income tax liabilities due to the changes in temporary differences. |
| **Equity** | | | | | |
| Accumulated loss | (23,505) | (359) | - | (23,864) | Effect of prior period adjustments reflected on accumulated losses. |

(Thousands of Georgian Lari)

### **4.** Reclassifications and adjustments **(continued)**

Following reclassifications and adjustments have been made to the consolidated financial statements as at 31 December 2014:

| **Financial statements caption** | **Amount before restatement** | **Adjustment** | **Reclassification** | **Amount after restatement** | **Description** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 3,933 | - | 35 | 3,968 | Cash placed on a bank account as tender collateral was classified as cash and cash equivalents. |
| Deposits | 96 | - | (96) | - | |
| Certificate of deposit | 1,269 | - | (1,269) | - | Deposits, certificate of deposit and interest receivables incurred on deposits were classified as placements with banks. |
| Interest receivable | 8 | - | (8) | - | |
| Placements with banks | | | 1,373 | 1,373 | |
| Insurance receivables | 4,783 | (183) | (4,600) | - | Cancellation of consolidation adjustment of health insurance receivables. |
| Reinsurance receivables | 121 | - | (121) | - | Set off of reinsurance receivables and payables. |
| Insurance and reinsurance receivables | | | 4,641 | 4,641 | Grouping of FS captions for presentation purposes. It was presented as “insurance receivables” and “reinsurance receivables” in previous year’s financial statements. |
| Reinsurers’ share in unearned premium provision | 85 | - | (85) | - | |
| Reinsurers’ share in provisions for claims reported by policyholders | 14 | - | (14) | - | Reinsurer’s share in IBNR was separately disclosed. |
| Reinsurers’ share in provisions for claims incurred but not reported | - | 11 | (11) | - | Grouping of reinsurer’s share in insurance contract liabilities and presentation in reinsurance assets. |
| Reinsurance assets | | | 110 | 110 | |
| Other receivables and prepayments | 1,868 | 1 | (1,869) | - | Cancellation of impairment for trade and other receivables. |
| Deferred acquisition cost | 6 | - | (6) | - | Grouping of FS captions for presentation purposes. It was presented as “other receivables and prepayments” and “deferred acquisition cost” in previous year’s financial statements. |
| Trade and other receivables | - | - | 1,763 | 1,763 | |
| Inventory | 467 | (37) | - | 430 | Inventory allowance was made. |
| Prepaid income tax asset | 28 | (15) | - | 13 | Adjustments of balance of prepaid income tax asset. |

(Thousands of Georgian Lari)

**4.** Reclassifications and adjustments **(continued)**

| Financial statements caption | Amount before restatement | Adjustment | Reclassification | Amount after restatement | Description |
|---|---|---|---|---|---|
| Prepaid personnel income tax | 311 | - | (311) | - | Adjustments of balance of tax assets. |
| Other prepaid taxes | 16 | - | (16) | - | Grouping of FS captions for presentation purposes. It was presented as “prepaid personnel income tax” and “other prepaid taxes” in previous years’ financial statements. |
| Tax assets other than income tax | - | - | 254 | 254 | |
| **Liabilities** | | | | | |
| Unearned premium provision | 3,831 | 30 | (3,861) | - | Cancellation of consolidation adjustment of health insurance unearned premium provision. |
| Provisions for claims reported by policyholders | 6,883 | - | (6,883) | - | Reinsurer’s share in IBNR was separately disclosed. |
| Provisions for claims incurred but not reported | 178 | 12 | (190) | - | Obligations arising from insurance contracts were presented as “Insurance contract liabilities”. |
| Insurance contract liabilities | - | - | 10,934 | 10,934 | |
| Reinsurance payables | 177 | - | (177) | - | Set off of reinsurance receivables and payables. |
| Commission payables | 1 | - | (1) | - | Grouping of FS captions for presentation purposes. It was presented as “reinsurance payables” and “commission payables” in previous year’s financial statements. |
| Other insurance liabilities | | | 21 | 21 | |
| Non-insurance short-term liabilities | 3,633 | - | (3,633) | - | Changed the name of the FS caption. It was presented as “non-insurance short-term liabilities” in previous years’ financial statements. |
| Trade and other payables | | | 3,633 | 3,633 | |
| Tax payables | 78 | (1) | (77) | - | Adjustments of balance of tax payables. |
| Tax liabilities other than income tax | | | 4 | 4 | Changed the name of the FS caption. It was presented as “tax payables” in previous years’ financial statements. |
| Deferred income tax liability | 111 | 265 | - | 376 | Adjustment of deferred income tax liabilities due to the changes in temporary differences. |
| **Equity** | | | | | |
| Accumulated loss | (21,737) | (529) | - | (22,266) | Effect of prior period adjustments reflected on accumulated losses. |

(Thousands of Georgian Lari)

**4.** Reclassifications and adjustments **(continued)**

| Financial statements caption | Amount before restatement | Adjustment | Reclassification | Amount after restatement | Description |
|---|---|---|---|---|---|
| **Income and expenses** | | | | | |
| Gross written premiums on insurance contracts | 7,803 | 43 | | 7,846 | Cancellation of consolidation adjustment of gross written premiums on insurance contracts and changes in provision for unearned premiums. |
| Changes in provision for unearned premiums | 4,819 | 12 | | 4,831 | |
| Commission income, gross | 77 | - | (77) | - | Grouping of FS captions for presentation purposes. |
| Change in deferred commission income | (12) | - | 12 | - | It was presented as “commission income, gross” and “change in deferred commission income” in previous year’s financial statements. |
| Commission income | | | 65 | 65 | |
| Other income | 143 | (47) | (96) | - | Cancellation of adjustments of tax assets in current year and considering in opening balance. |
| Income from sale of salvage | 19 | - | (19) | - | Grouping of FS captions for presentation purposes. It was presented as “other income”, “income from sale of salvage” and “amortization of government grant” in previous year’s financial statements. |
| Amortization of government grant | 61 | - | (61) | - | |
| Other operating income | | | 122 | 122 | |
| Healthcare revenue | 7,368 | 107 | - | 7,475 | Change in consolidation adjustment. |
| Financial income | 299 | - | 13 | 312 | Reclassification of interest income from other operating income to financial income. |
| Claims paid | (10,599) | (209) | 10,808 | - | Reinsurer’s share in IBNR was separately disclosed. |
| | | | | | Adjustment of provision for claims reported by policyholders. |
| Gross change in outstanding claims | 1,010 | 18 | (1,028) | - | Change in consolidation adjustment. |
| Subrogation and recovery | 74 | - | (74) | - | Grouping of FS captions for presentation purposes. It was presented as “claims paid”, “gross change in outstanding claims” and “subrogation and recovery” in previous year’s financial statements. |
| Insurance claims and loss adjustment expenses | | | (9,622) | (9,622) | |

(Thousands of Georgian Lari)

**4.** Reclassifications and adjustments **(continued)**

| Financial statements caption | Amount before restatement | Adjustment | Reclassification | Amount after restatement | Description |
|---|---|---|---|---|---|
| Reinsurer's share in insurance claims paid | 121 | 4 | (125) | - | Reinsurer's share in IBNR was separately disclosed. |
| Reinsurer's share in change in outstanding claims | (87) | - | 87 | - | Grouping of FS captions for presentation purposes. It was presented as "reinsurer's share in insurance claims paid" and "reinsurer's share in change in outstanding claims" in previous year's financial statements. |
| Insurance claims and loss adjustment expenses recovered from reinsurers | | | 38 | 38 | |
| Employee benefit expenses | (6,083) | - | 88 | (5,995) | Net off of salary expense and income from salary deductions. |
| Acquisition costs, gross | (20) | - | 20 | - | Presentation of acquisition costs in other operating expenses. |
| Change in deferred acquisition cost | (1) | - | 1 | - | Adjustments of balance of tax assets. |
| Doubtful and bad debt expenses | (61) | - | 61 | - | Cancellation of consolidation adjustment of health insurance expense.<br>Expenses are separately disclosed on the face of the consolidated statement of profit or loss. |
| Other general and administrative expenses | (2,145) | (70) | 2,215 | - | Grouping of FS captions for presentation purposes. It was presented as "doubtful and bad debt expenses", "other general and administrative expenses", "acquisition costs, gross", and "change in deferred acquisition cost" in previous year's financial statements. |
| Other operating expenses | | | (1,221) | (1,221) | |
| Income tax expense | (14) | (20) | - | (34) | Adjustment of deferred income tax liabilities due to the changes in temporary differences. |
| Rent expenses | - | - | (145) | (145) | Rent expenses are separately disclosed on the face of the consolidated statement of profit or loss. |
| Changes in inventories | - | (7) | 89 | 82 | Cost of goods purchased and changes in inventories are separately disclosed on the face of the consolidated statement of profit or loss. |
| Cost of goods purchased | - | - | (1,149) | (1,149) | |
| Net gain (loss) from foreign currencies | - | - | (3) | (3) | Net gain (loss) from foreign currencies is separately disclosed on the face of the consolidated statement of profit or loss. |

(Thousands of Georgian Lari)

### 5. Net insurance premiums earned

Net insurance premium earned by insurance types for the year ended 31 December 2015 can be presented as follows:

| | Gross written premium | Reinsurer's share in gross written premium | Net written premium | Changes in provision for unearned premiums, net of reinsurance | Net insurance premiums earned |
|---|---|---|---|---|---|
| Health | 6,606 | - | 6,606 | 1,523 | 8,129 |
| Casco | 912 | (432) | 480 | (18) | 462 |
| Property | 445 | (242) | 203 | 31 | 234 |
| Cargo | 38 | (25) | 13 | - | 13 |
| Travel | 34 | - | 34 | - | 34 |
| Personal accident | 20 | (9) | 11 | (1) | 10 |
| Other liabilities | - | - | - | 2 | 2 |
| **Total** | **8,055** | **(708)** | **7,347** | **1,537** | **8,884** |

Net insurance premium earned by insurance types for the year ended 31 December 2014 can be presented as follows:

| | Gross written premium | Reinsurer's share in gross written premium | Net written premium | Changes in provision for unearned premiums, net of reinsurance | Net insurance premiums earned |
|---|---|---|---|---|---|
| Health | 7,156 | - | 7,156 | 4,930 | 12,086 |
| Casco | 385 | (188) | 197 | (27) | 170 |
| Property | 231 | (70) | 161 | (40) | 121 |
| Cargo | 39 | (20) | 19 | - | 19 |
| Travel | 24 | - | 24 | (1) | 23 |
| Personal accident | 7 | (3) | 4 | - | 4 |
| Other liabilities | 4 | - | 4 | 31 | 35 |
| **Total** | **7,846** | **(281)** | **7,565** | **4,893** | **12,458** |

### 6. Commission income

Commission income for the years ended 31 December 2015 and 2014 can be presented as follows:

| | 2015 | 2014 |
|---|---|---|
| Commission income | 247 | 77 |
| Income deferred | (78) | (20) |
| amortization | 20 | 8 |
| **Total** | **189** | **65** |

### 7. Healthcare revenue

Healthcare revenue for the years ended 31 December 2015 and 2014 can be presented as follows:

| | 2015 | 2014 |
|---|---|---|
| Healthcare revenue from state | 9,035 | 6,161 |
| Healthcare revenue from free flow and other | 1,094 | 1,077 |
| Healthcare revenue from insurance companies | 173 | 237 |
| **Total** | **10,302** | **7,475** |

(Thousands of Georgian Lari)

## 8. Other operating income

Other operating income for the years ended 31 December 2015 and 2014 can be presented as follows:

| | 2015 | 2014 |
|---|---|---|
| Amortization of government grant | 54 | 61 |
| Rent income | 24 | 21 |
| Income from sale of salvage | 21 | 16 |
| Gain fom sale of property and equipment | 9 | 7 |
| Reversal of impairment for trade and other receivables | 11 | - |
| Other | 17 | 17 |
| **Total** | **136** | **122** |

## 9. Net insurance claims incurred

Net insurance claims incurred for the years ended 31 December 2015 and 2014 can be presented as follows:

| | 2015 | 2014 |
|---|---|---|
| Insurance claims paid | (9,453) | (10,604) |
| Gross Change in outstanding claims | 1,077 | 892 |
| Subrogation and recovery | 197 | 90 |
| **Insurance claims and loss adjustment expenses** | **(8,179)** | **(9,622)** |
| Reinsurer's share in general insurance claims paid | 371 | 121 |
| Reinsurer's share in change in outstanding claims | 80 | (83) |
| **Insurance claims and loss adjustment expenses recovered from reinsurers** | **451** | **38** |
| **Net insurance claims incurred** | **(7,728)** | **(9,584)** |

## 10. Other operating expenses

Other operating expenses for the years ended 31 December 2015 and 2014 can be presented as follows:

| | 2015 | 2014 |
|---|---|---|
| Impairment of accounts receivable and other debtors | (397) | (130) |
| Professional services | (358) | (290) |
| Utilities | (290) | (297) |
| Repair and maintenance | (124) | (65) |
| Communication | (53) | (60) |
| Transportation | (49) | (63) |
| Taxes other than income tax | (33) | (32) |
| Acquisition cost | (33) | (21) |
| Marketing expenses | (30) | (32) |
| Rural doctors service | - | (93) |
| Fines and penalties | (27) | - |
| Business trip | (22) | (10) |
| Meal cost | (22) | (22) |
| Bank charges | (20) | (12) |
| Stationary | (12) | (4) |
| Insurance | (10) | (8) |
| Membership fee | (10) | (5) |
| Commission expense | (9) | - |
| Representative expenses | (9) | (7) |
| Tender fee | (7) | (6) |
| Charity | (6) | - |
| Guarantee expenses | (6) | (4) |
| Security | (5) | (4) |
| Other | (23) | (56) |
| **Total** | **(1,555)** | **(1,221)** |

(Thousands of Georgian Lari)

### 11. Financial income

Financial income represents interest income incured on placements with resident banks. Financial income for the years ended 31 December 2015 and 2014 can be presented as follows:

| | 2015 | 2014 |
|---|---|---|
| JSC Bank of Georgia | 225 | 144 |
| JSC Liberty Bank | 81 | 159 |
| JSC Bank Republic | 34 | - |
| JSC Finca Bank Georgia | 20 | - |
| JSC Basis Bank | 6 | 8 |
| JSC KOR Standard Bank | 1 | 1 |
| **Total** | **367** | **312** |

### 12. Finance costs

Finance costs for the years ended 31 December 2015 and 2014 can be presented as follows:

| | 2015 | 2014 |
|---|---|---|
| LTD Aversi Clinic | (23) | (7) |
| LTD Aversi Farma | (1) | - |
| **Total** | **(24)** | **(7)** |

Interest paid in 2015 and 2014 were GEL24,658 and GEL5,918 , respectively.

### 13. Current and deferred income tax

The effective income tax rate differs from the statutory income tax rates. As of 31 December a reconciliation of the income tax expense based on statutory rates with actual is as follows:

| | 2015 | 2014 |
|---|---|---|
| Current tax | - | - |
| Effect of temporary differences | (95) | (34) |
| **Total** | **(95)** | **(34)** |

| | 2015 | 2014 |
|---|---|---|
| **Profit before income tax** | **962** | **1,632** |
| Statutory tax rate | 15% | 15% |
| Theoretical income tax expense | (144) | (245) |
| Use of tax loss | 8 | 7 |
| Tax exempt profit* | 164 | 214 |
| Unrecognized tax-loss carry forward** | (178) | (39) |
| Reversal of permanent bad debt expense | 47 | - |
| Other permanent difference | 8 | 29 |
| **Total** | **(95)** | **(34)** |

*Tax-exempt profit represents profit of LTD Medalpha received from rendering of healthcare service, as the management of the Group plans to re-invest it in the same profile (rehabilitation of clinic, provide of technical facilities, etc.) According to Georgian Tax Code, the re-investment period should not exceed 3 years from the end of tax year.

** As at 31 December 2015 and 2014 and 1 January 2014 JSC Insurance Company Alpha has accumulated tax losses. Based on the management's assessment there is uncertainty related to the use of above-mentioned tax losses in the future, accordingly, the management has not recognized deferred income tax asset related to the tax losses.

(Thousands of Georgian Lari)

### 13. Current and deferred income tax (continued)

Deferred tax liabilities as of 31 December 2015, 2014 and 1 January 2014 and their movements for the respective years comprise:

| | 31.12.2015 | 31.12.2014 |
|---|---|---|
| **As at 1 January** | **376** | **342** |
| **Recognised in profit and loss** | | |
| Income tax expense | 95 | 34 |
| **Recognised in other comprehensive income** | - | - |
| **As at 31 December** | **471** | **376** |

Temporary differences as at 31 December 2015 can be presented as follows:

| | Asset 31.12.2015 | Liability 31.12.2015 | Net 31.12.2015 | Recognised in profit and loss 31.12.2015 |
|---|---|---|---|---|
| Property and equipment | - | (631) | (631) | (104) |
| Intangible assets | 12 | - | 12 | 3 |
| Inventory | 6 | - | 6 | - |
| Trade and other receivables | 24 | - | 24 | 22 |
| Insurance and reinsurance receivables | 11 | - | 11 | 3 |
| Trade and other payables | 62 | - | 62 | 2 |
| Insurance contract liabilities | - | (179) | (179) | (179) |
| Tax loss carried forward | 3,530 | - | 3,530 | 328 |
| **Total temporary difference** | **3,645** | **(810)** | **2,835** | **75** |
| Unrecognized tax-loss carry forward | (3,306) | - | **(3,306)** | **(170)** |
| **deferred tax asset/(liability)** | **339** | **(810)** | **(471)** | **(95)** |
| Set off | (339) | 339 | **-** | **-** |
| **Net deferred tax liability** | **-** | **(471)** | **(471)** | **(95)** |

Temporary differences as at 31 December 2014 can be presented as follows:

| | Asset 31.12.2014 | Liability 31.12.2014 | Net 31.12.2014 | Recognised in profit and loss 31.12.2014 |
|---|---|---|---|---|
| Property and equipment | - | (527) | (527) | (32) |
| Intangible assets | 9 | - | 9 | 2 |
| Inventory | 6 | - | 6 | 1 |
| Trade and other receivables | 2 | - | 2 | 2 |
| Insurance and reinsurance receivables | 8 | - | 8 | 8 |
| Trade and other payables | 60 | - | 60 | 10 |
| Tax loss carried forward | 3,202 | - | 3,202 | 7 |
| **Total temporary difference** | **3,287** | **(527)** | **2,760** | **(2)** |
| Unrecognized tax-loss carry forward | (3,136) | - | (3,136) | (32) |
| **deferred tax asset/(liability)** | **151** | **(527)** | **(376)** | **(34)** |
| Set off | (151) | 151 | - | - |
| **Net deferred tax liability** | **-** | **(376)** | **(376)** | **(34)** |

(Thousands of Georgian Lari)

### 13. Current and deferred income tax (continued)

Temporary differences as at 1 January 2014 can be presented as follows:

| | Asset 01.01.2014 | Liability 01.01.2014 | Net 01.01.2014 |
|---|---|---|---|
| Property and equipment | - | (495) | (495) |
| Intangible assets | 7 | - | 7 |
| Inventory | 5 | - | 5 |
| Trade and other receivables | - | - | - |
| Insurance and reinsurance receivables | - | - | - |
| Trade and other payables | 50 | - | 50 |
| Tax loss carried forward | 3,195 | - | 3,195 |
| **Total temporary difference** | **3,257** | **(495)** | **2,762** |
| Unrecognized tax-loss carry forward | (3,104) | - | **(3,104)** |
| **deferred tax asset/(liability)** | **153** | **(495)** | **(342)** |
| Set off | (153) | 153 | - |
| **Net deferred tax liability** | **-** | **(342)** | **(342)** |

### 14. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| Cash in banks | 6,956 | 3,859 | 2,261 |
| Cash on hand | 15 | 7 | 6 |
| Restricted cash* | 96 | 102 | 18 |
| **Total** | **7,067** | **3,968** | **2,285** |

*Cash and cash equivalents at 31 December 2015, 2014 and 1 January 2014 included restricted cash placed on a bank account as tender collateral.

Additional information about cash and cash equivalents is disclosed in Note 29.

### 15. Placements with banks

Placements with banks as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| Principal | 50 | 1,296 | 1,276 |
| Interest | 9 | 77 | 75 |
| **Total** | **59** | **1,373** | **1,351** |

Placements with banks are represented by placements in Georgian Banks for more than 3 months. The Georgian State Insurance Supervisory Agency (GSISA) established minimum level of deposits (minimum reserve) and cash on bank accounts depended on the estimated insurance claims.

Additional information about placements with banks is disclosed in Note 29.

(Thousands of Georgian Lari)

## 16. Insurance and reinsurance receivables

Insurance and reinsurance receivables as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| Due from policyholders (health insurance) | 2,428 | 4,419 | 8,995 |
| Due from policyholders (non-health insurance) | 391 | 231 | 119 |
| Due from reinsurers | 71 | 41 | - |
| | **2,890** | **4,691** | **9,114** |
| Less- Allowances for receivables from policyholders | (74) | (50) | - |
| **Total** | **2,816** | **4,641** | **9,114** |

Additional information about Insurance and reinsurance receivables is disclosed in Note 29.

Reconciliation of impairment allowance can be presented as follows:

| | 31.12.2015 | 31.12.2014 |
|---|---|---|
| **1 January** | **(61)** | **-** |
| Changes in allowances for insurance receivables | (24) | (50) |
| Changes in allowances for receivables from subrogation reimbursements (Note 17) | (71) | (11) |
| Changes in allowances for receivables from healthcare service (Note 17) | (76) | - |
| **31 December** | **(232)** | **(61)** |

## 17. Trade and other receivables

Trade and other receivables as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| **Financial assets** | | | |
| Receivables from healthcare service | 2,158 | 1,575 | 1,089 |
| Receivables from subrogation reimbursements | 148 | 57 | - |
| Receivables from employees | 38 | 14 | 9 |
| **Non-financial assets** | | | |
| Prepayments | 209 | 106 | 124 |
| Other receivables | 22 | 22 | 14 |
| | **2,575** | **1,774** | **1,236** |
| Less- Allowances for receivables from subrogation reimbursements | (82) | (11) | - |
| Less- Allowances for receivables from healthcare service | (76) | - | - |
| **Total** | **2,417** | **1,763** | **1,236** |

Additional information about trade and other receivables is disclosed in Note 29.

(Thousands of Georgian Lari)

## 18. Reinsurance assets and insurance contract liabilities

Reinsurance assets and insurance contract liabilities as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| **Insurance contract liabilities** | | | |
| Recognized claims | 4,831 | 5,396 | 4,435 |
| Unearned premium provision | 2,474 | 3,861 | 8,692 |
| Provisions for claims reported by policyholders | 958 | 1,488 | 3,224 |
| Provisions for claims incurred but not reported | 208 | 189 | 306 |
| **Total** | **8,471** | **10,934** | **16,657** |
| **Reinsurance assets** | | | |
| Reinsurers' share in recognized claims | 24 | - | - |
| Reinsurers' share in unearned premium provision | 235 | 85 | 24 |
| Reinsurers' share in provisions for claims reported by policyholders | 61 | 14 | 100 |
| Reinsurers' share in provisions for claims incurred but not reported | 20 | 11 | 8 |
| **Total** | **340** | **110** | **132** |
| **Insurance contract liabilities, net of reinsurance** | | | |
| Recognized claims | 4,807 | 5,396 | 4,435 |
| Unearned premium provision | 2,239 | 3,776 | 8,668 |
| Provisions for claims reported by policyholders | 897 | 1,474 | 3,124 |
| Provisions for claims incurred but not reported | 188 | 178 | 298 |
| **Total** | **8,131** | **10,824** | **16,525** |

Analysis of movements in insurance contract liabilities and reinsurance assets as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

***A) Analyses of movement in provision for unearned premium***

| **Provision for unearned premium, gross** | **31.12.2015** | **31.12.2014** |
|---|---|---|
| **Balance at 1 January** | **3,861** | **8,692** |
| Gross premium Written | 8,830 | 8,919 |
| Cancelled premiums | (775) | (1,073) |
| Gross earned premium | (9,442) | (12,677) |
| **Balance at 31 December** | **2,474** | **3,861** |
| | | |
| **Provision for unearned premium - reinsurer's share** | | |
| **Balance at 1 January** | **85** | **23** |
| Reinsurer's share of gross written premium | 708 | 281 |
| Cancelled premiums | - | - |
| Gross reinsurer's earned premium | (558) | (219) |
| **Balance at 31 December** | **235** | **85** |
| | | |
| **Provision for unearned premium - net of reinsurance** | | |
| **Balance at 1 January** | 3,776 | 8,668 |
| Reinsurer's share of gross written premium | 8,121 | 8,639 |
| Cancelled premiums | (774) | (1,073) |
| Gross reinsurer's earned premium | (8,884) | (12,458) |
| **Balance at 31 December** | **2,239** | **3,776** |

(Thousands of Georgian Lari)

**18. Reinsurance assets and insurance contract liabilities (continued)**

*B) Provision for claims*

| Provision for claims – Gross | 31.12.2015 | 31.12.2014 |
|---|---|---|
| Recognized claims | 5,395 | 4,435 |
| Provisions for claims reported by policyholders | 1,488 | 3,224 |
| Provisions for claims incurred but not reported | 189 | 306 |
| **Total provisions for claims at 1 January** | **7,072** | **7,965** |
| Payments in respect of prior and current year claims | (9,453) | (10,604) |
| Change in estimates in respect of prior and current year claims | 8,376 | 9,712 |
| **Total provisions for claims at 31 December** | **5,995** | **7,073** |
| Recognized claims | 4,831 | 5,395 |
| Provisions for claims reported by policyholders | 958 | 1,488 |
| Provisions for claims incurred but not reported | 206 | 190 |
| | | |
| **Provision for claims - reinsurer's share** | | |
| Recognized claims | - | - |
| Provisions for claims reported by policyholders | 14 | 100 |
| Provisions for claims incurred but not reported | 11 | 8 |
| **Total provisions for claims at 1 January** | **25** | **108** |
| Payments in respect of prior and current year claims | (371) | (121) |
| Change in estimates in respect of prior and current year claims | 451 | 38 |
| **Total provisions for claims at 31 December** | **105** | **25** |
| Recognized claims | 24 | - |
| Provisions for claims reported by policyholders | 61 | 14 |
| Provisions for claims incurred but not reported | 20 | 11 |
| | | |
| **Provision for claims - net of reinsurance** | | |
| Recognized claims | 5,395 | 4,435 |
| Provisions for claims reported by policyholders | 1,474 | 3,124 |
| Provisions for claims incurred but not reported | 178 | 298 |
| **Total provisions for claims at 1 January** | **7,047** | **7,857** |
| Payments in respect of prior and current year claims | (9,082) | (10,483) |
| Change in estimates in respect of prior and current year claims | 7,925 | 9,674 |
| **Total provisions for claims at 31 December** | **5,890** | **7,048** |
| Recognized claims | 4,807 | 5,395 |
| Provisions for claims reported by policyholders | 897 | 1,474 |
| Provisions for claims incurred but not reported | 186 | 179 |

**Insurance contract liabilities and reinsurance assets – terms, assumptions and sensitivities**

(1) Terms and conditions

The major classes of insurance written by the Group include health, life, property, third party liability, casco, travel, personal accident and cargo. Risks under these policies usually cover twelve month duration. For insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date. Outstanding claims provisions are not discounted for the time value of money.

(2) Assumptions

For the calculation of incurred but not reported reserve including the liability adequacy test we refer to note 2 (Summary of accounting policy, Insurance Contract Liabilities).

(Thousands of Georgian Lari)

### 19. Tax assets other than income tax

Tax asset as of 31 December 2015, 2014 and 1 January 2014 represents personal income tax asset.

### 20. Inventory

Inventory as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| Medical supplies and pharmaceuticals | 352 | 281 | 196 |
| Consumables | 221 | 178 | 177 |
| Other | 16 | 8 | 6 |
| | **589** | **467** | **379** |
| Less: Allowance for inventory impairment | (41) | (37) | (31) |
| **Total** | **548** | **430** | **348** |

### 21. Intangible assets

Intangible assets as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| **Historical cost** | **Software** |
|---|---|
| **Balance at 1 January 2014** | 283 |
| Additions | 66 |
| **Balance at 31 December 2014** | **349** |
| Additions | 229 |
| **Balance at 31 December 2015** | **578** |
| | |
| **Accumulated amortization** | |
| **Balance at 1 January 2014** | (78) |
| Amortization charge for the year | (25) |
| **Balance at 31 December 2014** | **(103)** |
| Amortization charge for the year | (99) |
| **Balance at 31 December 2015** | **(202)** |
| | |
| **Net book value** | |
| **Net book value 01.01.2014** | **205** |
| **Net book value 31.12.2014** | **246** |
| **Net book value 31.12.2015** | **376** |

Group’s softwares include insurance and accounting softwares.

(Thousands of Georgian Lari)

### 22. Property and equipment

Property and equipment as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| Historical cost | Land and buildings | Medical equipment | Office equipment | Computer equipment | Leasehold improvements | Construction in progress | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2014** | **8,142** | **2,168** | **976** | **569** | **5** | **-** | **65** | **11,925** |
| Additions | 270 | 255 | 46 | 41 | - | - | 11 | **623** |
| Disposals | - | (1) | (13) | (27) | - | - | - | **(41)** |
| **Balance at 31 December 2014** | **8,412** | **2,422** | **1,009** | **583** | **5** | **-** | **76** | **12,507** |
| Additions | 29 | 723 | 170 | 90 | 843 | 381 | 24 | **2,260** |
| Disposals | - | (29) | (25) | (20) | - | - | - | **(74)** |
| **Balance at 31 December 2015** | **8,441** | **3,116** | **1,154** | **653** | **848** | **381** | **100** | **14,693** |
| | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| **Balance at 1 January 2014** | **(321)** | **(432)** | **(346)** | **(273)** | **-** | **-** | **(29)** | **(1,401)** |
| Depreciation charge for the year | (163) | (281) | (183) | (113) | - | - | (13) | **(753)** |
| Accumulated depreciation of disposals | - | - | 6 | 16 | - | - | - | **22** |
| **Balance at 31 December 2014** | **(484)** | **(713)** | **(523)** | **(370)** | **-** | **-** | **(42)** | **(2,132)** |
| Depreciation charge for the year | (164) | (360) | (200) | (102) | (56) | - | (16) | **(898)** |
| Accumulated depreciation of disposals | - | 13 | 20 | 16 | - | - | - | **49** |
| **Balance at 31 December 2015** | **(648)** | **(1,060)** | **(703)** | **(456)** | **(56.00)** | **-** | **(58)** | **(2,981)** |
| | | | | | | | | |
| **Net book value** | | | | | | | | |
| **Net book value 01.01.2014** | **7,821** | **1,736** | **630** | **296** | **5** | **-** | **36** | **10,524** |
| **Net book value 31.12.2014** | **7,928** | **1,709** | **486** | **213** | **5** | **-** | **34** | **10,375** |
| **Net book value 31.12.2015** | **7,793** | **2,056** | **451** | **197** | **792** | **381** | **42** | **11,712** |

Due to the lawsuit with the provider clinic of JSC Insurance Company Alpha, JSC Insurance Company Alpha is restricted to sale or encumber its real estate and a motor vehicle.

(Thousands of Georgian Lari)

## 23. Share capital

In 2015, the Group's shareholder increased share capital by GEL3,120 thousands. December 17, 2015, the organizational structure of Insurance Company Alpha was changed and formed as a joint stock company, which resulted in that the company's statutory capital (GEL 32,120 thousands) was converted into 1.05 par value ordinary shares.

## 24. Other insurance liabilities

Other insurance liabilities as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| Reinsurance payable | 26 | 20 | 29 |
| Commission payable | 14 | 1 | 6 |
| **Total** | **40** | **21** | **35** |

Additional information about other insurance liabilities is disclosed in Note 29.

## 25. Trade and other payables

Trade and other payables as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| **Financial liabilities** | | | |
| Trade payables | 2,786 | 2,955 | 3,230 |
| Other payables | 122 | 204 | 152 |
| Salary payables | 462 | 474 | 368 |
| **Total** | **3,370** | **3,633** | **3,750** |

Additional information about trade and other payables is disclosed in Note 29.

## 26. Deferred commission income

Deferred commission income as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | 31.12.2015 | 31.12.2014 |
|---|---|---|
| **As at 1 January** | **20** | **8** |
| Income deferred | 78 | 20 |
| amortization | (20) | (8) |
| **At 31 December** | **78** | **20** |

## 27. Government grant

There is an investment commitment on a certain part of the property owned by LTD Medalpha. In particular, this applies to the assets transferred from the government. According to the contract, the Company is obliged to use the property in clinics in an appropriate profile and continue providing of medical services at least until November 2018.

## 28. Borrowings

Borrowings as at 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | Interest Rate | Start Date | Maturity Date | Currency | 31.12.2015 | 31.12.2014 |
|---|---|---|---|---|---|---|
| LTD Aversi Pharma | 20% | 31.12.2015 | 31.01.2016 | GEL | 1,101 | - |
| LTD Aversi Clinic | 20% | 31.12.2015 | 31.01.2016 | GEL | 900 | 1,201 |
| **Total** | | | | | **2,001** | **1,201** |

| | 31.12.2015 | 31.12.2014 |
|---|---|---|
| Principal | 2,000 | 1,200 |
| Interest | 1 | 1 |
| **Total** | **2,001** | **1,201** |

Additional information about borrowings is disclosed in Note 29.

## 29. Risk management

The activities of the Group are exposed to various risks. Risk management therefore is a critical component of its insurance activities. Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and daily monitoring, subject to risk limits and other controls. Each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The main financial risks inherent to the Group's operations are those related to credit, liquidity and market movements in interest and foreign exchange rates. A summary description of the Group's risk management policies in relation to those risks follows.

### 29.1. Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position.

The capital management objectives are:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its owners.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

The insurance operations of the Group are subject to local regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions e.g. Capital adequacy to minimize the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise. The Group's capital management policy for its insurance and non-insurance business is to hold sufficient liquid assets to cover statutory requirements based on the National Bank of Georgia directives.

#### Approach to capital management

The Group seeks to optimize the structure and sources of capital to ensure that it consistently maximizes returns to shareholders and policyholders. The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated manner, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group.

### 29.2. Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated and subsequent development of long term claims.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected by change in any subset of the portfolio, as well as unexpected outcomes. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. The Group establishes underwriting guidelines and limits, which stipulate who may accept what risks and the applicable limits. These limits are continuously monitored.

The Group primarily uses the "loss ratio" to monitor its insurance risk. The loss ratio is defined as net insurance claims divided by net insurance revenue.

The Group's loss ratios calculated on a net basis were as follows:

| | 2015 | 2014 |
|---|---|---|
| Loss ratio | 85% | 77% |

(Thousands of Georgian Lari)

**29. Risk management (continued)**

The Group principally issues the following types of general insurance contracts: property, motor third party liability, personal accident, casco, travel, cargo, medical (health), and third party liability. Such type insurance policies usually cover twelve months duration. For non-health insurance contracts the most significant risks arise from climate changes and natural disasters. For healthcare contracts the most significant risks arise from lifestyle changes, epidemic and so on. These risks vary significantly in relation to the location, type and industry of the risk insured. Undue concentration by amounts can have a further impact on the severity of benefit payments on a portfolio basis.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements.

**Sources of uncertainty in the estimation of future claim payments**

Claims on insurance contracts are payable on a claims-occurrence basis. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the insured sector and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims reserve, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a reserve for Incurred but not reported (IBNR) claims and a reserve for reported claims not yet settled.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available.

**29.3. Financial Risk**

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Currency risk

**Principal financial instruments**

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

| | 31.12.2015 | 31.12.2014 | 01.01.2014 |
|---|---|---|---|
| Insurance and reinsurance receivables | 2,816 | 4,641 | 9,114 |
| Trade and other receivables | 2,186 | 1,635 | 1,098 |
| Placements with banks | 59 | 1,373 | 1,351 |
| Cash and cash equivalents | 7,067 | 3,968 | 2,285 |
| **Total financial assets** | **12,128** | **11,617** | **13,848** |

(Thousands of Georgian Lari)

## 29. Risk management (continued)

### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group's management has established a credit policy under which each customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on ageing analysis and overdue status for each customers individually.

The aging of insurance receivables as at 31 December 2015 was:

| | Amount | Allowance | Insurance receivables, net of impairment |
|---|---|---|---|
| Receivables individually determined to be impaired | 1,139 | (12) | 1,127 |

Receivables collectively determined to be Impaired:

| | Amount | Allowance | Insurance receivables, net of impairment |
|---|---|---|---|
| Not past due | 1,009 | - | 1,009 |
| Past due 0-30 days | 169 | (8) | 161 |
| Past due 30-60 days | 33 | (3) | 30 |
| Past due 60-90 days | 11 | (2) | 9 |
| Past due 90-120 days | 7 | (2) | 5 |
| Past due 120-240 days | 22 | (13) | 9 |
| Past due 240-360 days | 12 | (8) | 4 |
| Past due more than 360 days | 26 | (26) | - |
| **Receivables collectively determined to be impaired** | **1,289** | **(62)** | **1,227** |

The aging of insurance receivables as at 31 December 2014 was:

| | Amount | Allowance | Insurance receivables, net of impairment |
|---|---|---|---|
| Receivables individually determined to be impaired | 4,692 | (50) | 4,642 |

(Thousands of Georgian Lari)

### 29. Risk management (continued)

The aging of receivables from healthcare services as at 31 December 2015 was:

| | Amount | Allowance | Receivables from healthcare services, net of impairment |
|---|---|---|---|
| Receivables individually determined to be impaired | 2,074 | - | 2,074 |

Receivables collectively determined to be Impaired:

| | Amount | Allowance | Receivables from healthcare services, net of impairment |
|---|---|---|---|
| Not past due | 3 | - | 3 |
| Past due less than 360 days | 11 | (6) | 5 |
| Past due more than 360 days | 70 | (70) | - |

The aging of receivables from healthcare services as at 31 December 2014 was:

| | Amount | Allowance | Receivables from healthcare services, net of impairment |
|---|---|---|---|
| Receivables individually determined to be impaired | 1,575 | - | 1,575 |

Subrogation receivables collectively determined to be Impaired as at 31 December 2015 was:

| | Amount | Allowance | Subrogation receivables, net of impairment |
|---|---|---|---|
| Not past due | 20 | - | 20 |
| Past due less than 360 days | 92 | (46) | 46 |
| Past due more than 360 days | 36 | (36) | - |

Subrogation receivables collectively determined to be Impaired as at 31 December 2014 was:

| | Amount | Allowance | Subrogation receivables, net of impairment |
|---|---|---|---|
| Not past due | 34 | - | 34 |
| Past due less than 360 days | 12 | - | 12 |
| Past due more than 360 days | 11 | (11) | - |

#### Liquidity Risk

Liquidity risk refers to the availability of sufficient funds to meet loan repayments and other financial commitments associated with financial instruments as they actually fall due.

The management controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period.

In order to manage liquidity risk, the Group performs regular monitoring of future expected cash flows, which is a part of assets/liabilities management process.

(Thousands of Georgian Lari)

### 29. Risk management (continued)

An analysis of the liquidity as of 31 December 2015:

| | Up to 1 month | 1 month to 3 months | 3 month to 1 year | 1 year to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Placements with banks | - | 59 | - | - | - | **59** |
| **Interest bearing financial assets** | **-** | **59** | **-** | **-** | **-** | **59** |
| Cash and cash equivalents | 7,067 | - | - | - | - | **7,067** |
| Insurance and reinsurance receivables | 102 | 463 | 1,515 | 736 | - | **2,816** |
| Trade and other receivables | 2,186 | - | - | - | - | **2,186** |
| **Total** | **9,355** | **522** | **1,515** | **736** | **-** | **12,128** |
| **Financial liabilities** | | | | | | |
| Interest bearing financial liabilities | 2,001 | - | - | - | - | **2,001** |
| Insurance contract liabilities | 4,807 | - | - | - | - | **4,807** |
| Other insurance liabilities | 40 | - | - | - | - | **40** |
| Trade and other payables | 3,370 | - | - | - | - | **3,370** |
| **Total** | **10,218** | **-** | **-** | **-** | **-** | **10,218** |
| **Liquidity gap** | **(863)** | **522** | **1,515** | **736** | **-** | |
| **Cumulative liquidity gap** | **(863)** | **(341)** | **1,174** | **1,910** | **1,910** | |

An analysis of the liquidity as of 31 December 2014:

| | Up to 1 month | 1 month to 3 months | 3 month to 1 year | 1 year to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Placements with banks | - | - | 1,319 | 54 | - | **1,373** |
| **Interest bearing financial assets** | **-** | **-** | **1,319** | **54** | **-** | **1,373** |
| Cash and cash equivalents | 3,968 | - | - | - | - | **3,968** |
| Insurance and reinsurance receivables | 212 | 755 | 2,473 | 1,201 | - | **4,641** |
| Trade and other receivables | 1,635 | - | - | - | - | **1,635** |
| **Total** | **5,815** | **755** | **3,792** | **1,255** | **-** | **11,617** |
| **Financial liabilities** | | | | | | |
| Interest bearing financial liabilities | 1,201 | - | - | - | - | **1,201** |
| Insurance contract liabilities | 5,395 | - | - | - | - | **5,395** |
| Other insurance liabilities | 21 | - | - | - | - | **21** |
| Trade and other payables | 3,633 | - | - | - | - | **3,633** |
| **Total** | **10,250** | **-** | **-** | **-** | **-** | **10,250** |
| **Liquidity gap** | **(4,435)** | **755** | **3,792** | **1,255** | **-** | |
| **Cumulative liquidity gap** | **(4,435)** | **(3,680)** | **112** | **1,367** | **1,367** | |

(Thousands of Georgian Lari)

### 29. Risk management (continued)

An analysis of the liquidity as of 1 January 2014:

| | Up to 1 month | 1 month to 3 months | 3 month to 1 year | 1 year to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Placements with banks | - | - | 1,326 | 25 | - | **1,351** |
| **Interest bearing financial assets** | **-** | **-** | **1,326** | **25** | **-** | **1,351** |
| Cash and cash equivalents | 2,285 | - | - | - | - | **2,285** |
| Insurance and reinsurance receivables | 339 | 1,497 | 4,899 | 2,379 | - | **9,114** |
| Trade and other receivables | 1,098 | - | - | - | - | **1,098** |
| **Total** | **3,722** | **1,497** | **6,225** | **2,404** | **-** | **13,848** |
| **Financial liabilities** | | | | | | |
| Interest bearing financial liabilities | - | - | - | - | - | **-** |
| Insurance contract liabilities | 4,434 | - | - | - | - | **4,434** |
| Other insurance liabilities | 35 | - | - | - | - | **35** |
| Trade and other payables | 3,750 | - | - | - | - | **3,750** |
| **Total** | **8,219** | **-** | **-** | **-** | **-** | **8,219** |
| **Liquidity gap** | **(4,497)** | **1,497** | **6,225** | **2,404** | **-** | |
| **Cumulative liquidity gap** | **(4,497)** | **(3,000)** | **3,225** | **5,629** | **5,629** | |

#### Market Risk

Market risk is the risk that the fair value of a financial instrument will decrease because of changes in market factors.

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) and foreign exchange rates (currency risk).

#### Interest Rate Risk

The interest rate risk is the risk (with variable value) related to the interest-bearing assets/liabilities - loans/borrowing, because of the variable rate. In current period the Group does not have any borrowings/loans with variable interest rate.

#### Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Group's exposure to foreign currency exchange rate risk as at 31 December 2015:

| | GEL | USD 1 USD = GEL2.3949 | Total |
|---|---|---|---|
| **Financial assets** | | | |
| Insurance and reinsurance receivables | 2,744 | 72 | **2,816** |
| Trade and other receivables | 2,185 | - | **2,185** |
| Placements with banks | 59 | - | **59** |
| Cash and cash equivalents | 7,018 | 49 | **7,067** |
| **Total** | **12,006** | **121** | **12,127** |
| **Financial liabilities** | | | |
| Insurance contract liabilities | 4,807 | - | **4,807** |
| Other insurance liabilities | 15 | 25 | **40** |
| Trade and other payables | 3,370 | - | **3,370** |
| Borrowings | 2,001 | - | **2,001** |
| **Total** | **10,193** | **25** | **10,193** |
| **Open balance sheet position** | **1,813** | **96** | |

(Thousands of Georgian Lari)

### 29. Risk management (continued)

The Group's exposure to foreign currency exchange rate risk as at 31 December 2014:

| | GEL | USD 1 USD = GEL1.8636 | Total |
|---|---|---|---|
| **Financial assets** | | | |
| Insurance and reinsurance receivables | 4,600 | 41 | **4,641** |
| Trade and other receivables | 1,635 | - | **1,635** |
| Placements with banks | 1,373 | - | **1,373** |
| Cash and cash equivalents | 3,967 | 1 | **3,968** |
| **Total** | **11,575** | **42** | **11,617** |
| **Financial liabilities** | | | |
| Insurance contract liabilities | 5,395 | - | **5,395** |
| Other insurance liabilities | 1 | 20 | **21** |
| Trade and other payables | 3,633 | - | **3,633** |
| Borrowings | 1,201 | - | **1,201** |
| **Total** | **10,230** | **20** | **10,230** |
| **Open balance sheet position** | **1,345** | **22** | |

The Group's exposure to foreign currency exchange rate risk as at 1 January 2014:

| | GEL | USD 1 USD = GEL1.7363 | Total |
|---|---|---|---|
| **Financial assets** | | | |
| Insurance and reinsurance receivables | 9,114 | - | **9,114** |
| Trade and other receivables | 1,098 | - | **1.098** |
| Placements with banks | 1,351 | - | **1,351** |
| Cash and cash equivalents | 2,283 | 2 | **2,285** |
| **Total** | **13,846** | **2** | **13,848** |
| **Financial liabilities** | | | |
| Insurance contract liabilities | 4,434 | - | **4,434** |
| Other insurance liabilities | 6 | 29 | **35** |
| Trade and other payables | 3,750 | - | **3,750** |
| Borrowings | - | - | **-** |
| **Total** | **8,190** | **29** | **8,190** |
| **Open balance sheet position** | **5,656** | **(27)** | |

**Currency risk sensitivity**

The following table details the Group's sensitivity to a 20% increase and decrease against the GEL. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 20% change in foreign currency rates.

Impact on net profit and equity based on asset values as at 31 December 2015, 2014 and 1 January 2014:

| | USD impact | |
|---|---|---|
| **31.12.2015** | **GEL/USD 20%** | **GEL/USD 20%** |
| Profit/(loss) | 19 | (19) |
| **31.12.2014** | **GEL/USD 20%** | **GEL/USD 20%** |
| Profit/(loss) | 4 | (-4) |
| **01.01.2014** | **GEL/USD 20%** | **GEL/USD 20%** |
| Profit/(loss) | (5) | 5 |

(Thousands of Georgian Lari)

### 30. Transactions with related parties

Related parties or transactions with related parties, as defined by IAS 24 'Related party disclosures', represent:

a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Company that gives then significant influence over the Company; and that have joint control over the Company;

b) Members of key management personnel of the Company or its parent;

c) Close members of the family of any individuals referred to in (a) or (b);

d) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (b);

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Details of transactions between the Company and other related parties are disclosed below.

Transactions with related parties, included in the statement of comprehensive income for the years ended December 31, 2015 and 2014 are following:

| | | 2015 | | 2014 | |
|---|---|---|---|---|---|
| **Financial statement caption** | **Relationship** | **Related party transactions** | **Total category as per the financial statements caption** | **Related party transactions** | **Total category as per the financial statements caption** |
| **Finance costs** | | **(24)** | **(24)** | **(7)** | **(7)** |
| LTD Aversi Clinic | Other related party | (23) | | (7) | |
| LTD Aversi Pharma | Shareholder | (1) | | - | |
| **Cost of goods purchased** | | **(597)** | **(1,398)** | **505** | **(1,149)** |
| LTD Aversi Geopharm | Other related party | (597) | | 505 | |
| **Rent** | | **(227)** | **(246)** | **(134)** | **(145)** |
| LTD Aversi Pharma | Shareholder | (163) | | (6) | |
| LTD Aversi Geopharm | Other related party | (58) | | (58) | |
| LTD Aversi Clinic | Other related party | (6) | | (70) | |
| **Other operating expenses** | | **(140)** | **(1,522)** | **(113)** | **(1,200)** |
| LTD Aversi Geopharm | Other related party | (64) | | (54) | |
| LTD Aversi Clinic | Other related party | (62) | | (44) | |
| JSC Eristavi Clinic | Other related party | (7) | | - | |
| LTD Aversi Pharma | Shareholder | (7) | | (15) | |
| **Isurance claims paid** | | **(3,390)** | **(8,179)** | **(1,230)** | **(9,622)** |
| LTD Aversi Geopharm | Other related party | (2,302) | | (550) | |
| LTD Aversi Clinic | Other related party | (833) | | (522) | |
| LTD Aversi Pharma | Shareholder | (200) | | (137) | |
| JSC Eristavi Clinic | Other related party | (55) | | (21) | |
| **Gross written premium** | | **138** | **8,055** | **113** | **7,846** |
| LTD Aversi Pharma | Shareholder | 119 | | 94 | |
| LTD Aversi Clinic | Other related party | 8 | | 10 | |
| LTD Aversi Rational | Other related party | 7 | | 5 | |
| LTD Aversi Geopharm | Other related party | 4 | | 4 | |
| **Key management personnel compensation** | | **(421)** | **(7,057)** | **(236)** | **(5,995)** |
| Salary expenses | | (421) | | (236) | |

(Thousands of Georgian Lari)

### 30. Transactions with related parties (continued)

Balances with related parties, included in the statement of financial position as at December 31, 2015, 2014 and 1 January 2014 are following:

| | | 31.12.2015 | | 31.12.2014 | | 01.01.2014 | |
|---|---|---|---|---|---|---|---|
| **Financial statement caption** | **Relationship** | **Related party balance** | **Total category as per the financial statements caption** | **Related party balance** | **Total category as per the financial statements caption** | **Related party balance** | **Total category as per the financial statements caption** |
| **Borrowings** | | **2,001** | **2,001** | **1,201** | **1,201** | **-** | - |
| LTD Aversi Pharma | Shareholder | 1,101 | | - | | - | |
| LTD Aversi Clinic | Other related party | 900 | | 1,201 | | - | |
| **Trade and other payables** | | **2,671** | **3,370** | **2,694** | **3,633** | **2,753** | **3,750** |
| LTD Aversi Geopharm | Other related party | 153 | | 2,569 | | 65 | |
| LTD Aversi Clinic | Other related party | 82 | | 66 | | 2,512 | |
| LTD Aversi Pharma | Shareholder | 2,436 | | 59 | | 176 | |
| **Insurance contract liabilities** | | **3,436** | **8,471** | **3,249** | **10,934** | **1,286** | **16,657** |
| LTD Aversi Clinic | Other related party | 2,113 | | 1,547 | | 693 | |
| JSC Eristavi Clinic | Other related party | 844 | | 684 | | 228 | |
| LTD Aversi Geopharm | Other related party | 464 | | 905 | | 327 | |
| LTD Aversi Pharma | Shareholder | 15 | | 113 | | 38 | |

(Thousands of Georgian Lari)

## 31. Contingencies and Commitments

The Group has operating leased contracts which completion date is uncertain (unlimited duration). The Group's future minimum rentals payable under non-cancellable operating leases as of 31 December 2015, 2014 and 1 January 2014 can be presented as follows:

| | **31.12.2015** |
|---|---|
| Within one year | 189 |
| After one year but not more than five years | 573 |
| More than five years | - |
| **Total** | **762** |

| | **31.12.2014** |
|---|---|
| Within one year | 141 |
| After one year but not more than five years | 622 |
| More than five years | 42 |
| **Total** | **805** |

| | **01.01.2014** |
|---|---|
| Within one year | 112 |
| After one year but not more than five years | 496 |
| More than five years | 220 |
| **Total** | **828** |

## 32. Post balance sheet events

Post balance sheet events occurred in the Group:

In 2016, the shareholder of JSC Insurance Company Alpha increased share capital by GEL2,276 thousands and amounted to GEL34,396.