



TSODNISA

AUDIT CONCERN

**Joint Stock Company
"Standard Insurance Georgia"**

**FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED
31 DECEMBER 2014**

2015



Auditing Concern "TSODNISA" Ltd

41, Vazha-Pshavela ave., Tbilisi, Georgia. Identification code 211344188

Tel.: 239-33-50 E-mail: info@tsodnisa.ge

Independent Auditor's Report

(On the review of financial statements of "Standard Insurance Georgia", JSC)

1. We have audited the accompanying financial statements of "Standard Insurance Georgia" JSC (the "Company"), that comprise the statements of financial position as of 31 December 2014, Statement of Comprehensive Income, statement of changes in Shareholders' equity and cash flow statement for the calendar year that ended December 31, 2014.
2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements - which are free from the material misstatement of the real situation neither due to fraud, nor error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Our responsibility is, to express an opinion on these financial statements, based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance, that the financial statements - are free from material misstatement of facts and alteration of existing reality. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting principles 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 opinion.
3. In our opinion, the financial statements have been fairly presented in all material respects regarding the financial position of the Company as at 31 December 2014; and its financial performance and its cash flows for the period from 01 January 2014 to 31 December 2014, in accordance with International Financial Reporting Standards.

Director
Ltd auditing concern "Tsodnisa"



George Tsertsvadze
June 2, 2015

JSC "Standard Insurance Georgia"
 Statement of financial position
 for the period that ended December 31, 2014

	Balance as of 31.12.2014	Balance as of 31.12.2013	Notes
Assets			
Total Current Assets:			
Cash and Cash equivalents	2,418,114	2,112,429	3
Trade Receivables -Current Part	1,507,766	689,976	4
Other receivables from reinsurance	1,094,561	851,878	5
Inventory	18,971	6,976	6
Prepaid reinsurance expenses	464,205	1,717,521	7
Prepaid Expenses and Prepaid Taxes	3,552	3,229	8
Other current Assets	277,125	189,937	9
Total Non-current Assets:			
Fixed Assets	101,486	99,994	10
Intangible Assets	7,537	8,121	
Deferred tax	214,556	322,749	11
TOTAL ASSETS:	6,107,873	6,002,810	
Liabilities and Shareholder's Equity			
Total Current Liabilities:			
Payables to insurance creditors	317,939	211,875	12
5% IBNR Reserve	123,659	49,182	13
Payables to reinsurer	1,745,788	1,253,758	14
Deferred income from Insurance	1,942,765	2,404,366	15
Deferred income from Reinsurance	46,854	72,823	16
Other current liabilities	117,957	53,631	17
TOTAL LIABILITIES:	4,294,961	4,045,635	
Share Capital	4,480,000	4,480,000	18
Accumulated Profit / (loss)	(2,667,088)	(2,522,826)	
TOTAL SHAREHOLDERS' EQUITY	1,812,912	1,957,174	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:	6,107,873	6,002,810	

Director
 Head of Finance Department


 N. Gurbanov

 M. Guruli



JSC "Standard Insurance Georgia"
 Statement of Comprehensive Income
 for the twelve month period that ended December 31, 2014

	2014	2013	Notes
Written Premium	5,282,301	4,339,086	19
Changes in UPR (Brutto)	461,604	(1,199,361)	20
Reinsurance Expenses	(2,828,503)	(1,865,141)	21
Insurance claims	(2,131,952)	(838,884)	22
part of reinsurer in Insurance claims	93,621.35	105,666	
IBNR Reserve	(74,476)	(16,317)	
Gross Profit (loss):	802,595	525,049	
Commission Expenses (Agents and Brokers)	(206,890)	(52,342)	23
Income from reinsurance commission	153,892	116,442	
Other income from insurance activity	295,381	133,258	24
Total Profit from Operations:	1,044,978	722,407	
Administrative expenses	(1,155,817)	(957,069)	25
Total operating expenses	(1,155,817)	(957,069)	
Financial Income	103,557	127,206	26
Financial Expenses			
Gains/(losses) from currency exchange and other Income	(28,787)	60,604	27
Profit before Tax:	(36,070)	(46,852)	
Profit Tax:	108,193	(28,520)	28
Profit after tax:	(144,262)	(18,333)	
Net Profit / (Loss) from Regular Activity	(144,262)	(18,332)	

Director
 Head of Finance Department


 N. Gurbanov

 M. Guruli



JSC "Standard Insurance Georgia"
 Statement of Changes in Equity
 for the that ended December 31, 2014

	Share Capital	Revaluation Reserve	Retained Earnings	Total:
Balance as at 1 January 2013	4,480,000	-	(2,504,493)	1,975,507
Issue of Shares				-
Retained Earnings			(18,332)	(18,333)
Balance as at 1 January 2014	4,480,000	-	(2,522,826)	1,957,174
Issue of Shares				
Retained Earnings			(144,262)	(144,262)
Balance as at 1 January 2015	4,480,000	-	(2,667,088)	1,812,912

Director
 Head of Finance Department

Gurba
Zyzi



N. Gurbanov
 M. Guruti

JSC "Standard Insurance Georgia"

Statement of Cash Flows

for the twelve months period that ended December 31, 2014

	2014	2013
Cash Flows from Operating Activities		
Insurance Premium Received	3,532,322	2,210,067
Cash reimbursed by reinsurer for claims	2,235	3,492
Cash received from saved property	100,351	47,775
Cash received from reinsurance commission	34,293	21,218
Cash received from other operating activities		285
Reinsurance Premiums Paid	(288,886)	(750,992)
Claims Paid	(1,891,068)	(756,044)
Cash Paid for salary	(608,387)	(506,491)
Cash Paid for Profit tax (Tax from interests)		(311)
Cash Paid for taxes	(199,811)	(159,863)
Cash Paid for Bank Charges	(2,152)	(2,569)
Cash Paid for Rent	(130,536)	(77,881)
Cash Paid for consulting and audit services	(29,689)	(40,586)
Cash Paid for brokers and agents	(124,056)	(55,136)
Cash Paid for communication expenses	(24,777)	(20,667)
Cash Paid for stationary expenses	(13,660)	(4,414)
Cash paid to employees as advances	(265)	(509)
Cash paid to other operating activities	(105,651)	(88,027)
claims		(2,659)
Net cash provided (used) by operating activities	250,264	(183,311)
Cash Flows from Investing Activities		
Cash paid for purchase of fixed assets	(69,038)	(24,611)
Cash received from sale of fixed assets	9,413	
Cash paid for purchase of Intangible assets	(1,000)	(2,500)
Interest from bank deposits	103,173	129,683
Short term loans issued		39,963
Net cash provided (used) by investing activities	42,547	142,534
Cash Flows from Financing Activities		
Cash from increase of Share Capital		
Received short term loans		

Net cash provided (used) in financing activities

Increase / Decrease of cash flows from exchange rate	12,875	135,208
Increase (decrease) in cash during the period	305,686	94,432
Cash balance at the beginning of the period	2,112,429	2,017,997
Cash balance at the end of the period	2,418,114	2,112,429

Director

Head of Finance Department

N. Gurbanov

M. Guruli



JSC "Standard Insurance Georgia"

Explanatory Notes to financial statements

for the twelve month period that ended December 31, 2014

1. GENERAL INFORMATION

Joint Stock Company "Standard Insurance Georgia" (hereinafter referred to as – the company) was registered on November 4, 2007 by Tbilisi Tax inspection (old Tbilisi region). Legal address of the company is #39 Kandelaki Str, Tbilisi, Georgia, 0105. Tax Identification Number #204540274. The company is not registered as a VAT payer and is settled as a tax payer in Tbilisi Tax department.

The company is 100% owned by Joint Stock Company "Стандард Страхование" Baku.

The company has no subsidiary companies. During the preparation of the financial statements Nariman Gurbanov was represented as company's director. The main economic activity of the company is insurance and reinsurance. The company hold insurance and reinsurance license from National bank of Georgia, as well as license in health insurance and reinsurance.

2. SIGNIFICANT ACCOUNTING POLICY

Here in after is presented the significant accounting Policy – according to which, these Financial statements have been prepared.

Insurance Premium Revenue

Company produces, accordingly gets the revenue by Insurance policy sales. The revenue from Insurance Policy (with the accuracy up to one day), is recognized as the earned revenue which is determined by the Company - within the validity period of the insurance policy. Company - from the very moment of issuance the Insurance Policy, recognizes the overall sum of insurance premium - as the earned revenue; whereat, through the correction of unearned Insurance Premium Revenue - makes the subsequently equal redistribution in accordance to periods (with the exactness up to each day).

Revaluation of the Foreign Currency

Functional currency and Accountable currency – are the constituent in the Financial statements as the member of Companies - group accordingly takes place in estimation of currency consumption in the primary/initial economic environment, where Companies are performing (Functional Currency).

The financial calculation of transactions in foreign currency in accordance to the rate of Functional currency, occurs on the day of the operation - according to the exchange rate of the day. As the result of mentioned above operations, at the end of the year after estimation/calculation of the financial assets and liabilities, which have arisen in the transactions in foreign currency - in accordance to currency exchange rate (corresponding to year - end); both, the Profits and Losses, will be reflected and recorded in profit and loss account; except the capitalized - Profits and Losses etc.

GEL exchange rate in relation to other main currencies:

31.12.2013 - USD 1 = 1.7363 GEL EUR 1 = 2.3891 GEL

31.12.2014 - USD 1 = 1.8636 GEL EUR 1 = 2.2656 GEL

Fixed Assets

Company accounts Fixed Assets in accordance to the Historical(initial) rate - at the same time considering the depreciation factor. The Historical cost detects expenditures, which are in direct connection to acquisition of the Fixed Assets. Subsequent costs are included in the asset-balance; or are recognized as the separate asset; if exists the possibility - that its link with the future Economical profit of the asset will be directed towards the Company - and also, there is possibility to estimate of Asset's value in future. All the other expenditures, which are connected with repairing and technical services will be presented in the corresponding report on profit and loss. The calculation of depreciation of Fixed Assets - occurs through the consistent write off their initial or revalue price down to liquidation value - during the period of their usefulness; see:

- | | |
|---|---------------|
| - Repairing of the rented Fixed Assets | - 5 years; |
| - Transport | - 5 years; |
| - Office equipment | - 8-10 years; |
| - Computers and the other communication devices/equipment | - 4-5 years; |
| - The other Fixed assets | - 3-5 years; |

Intangible Assets

Licenses

The licenses are reflected according to the initial cost. The licenses have the unlimited available terms of use and are registered in accordance with the initial value. These assets have an indefinite useful life, in which case *Licences* are not amortised.

Software

The expenditures for Software development covers revenues of specialists and the corresponding part of redistributable overheads.

The expenditures for working up Software, which are recognized as assets, are amortized during the period of their usefulness(not more of 10 years). The expenditures, which are directly linked to individual program product-processing (medical-care insurance program "Eskulapi"); which more than one year will be controlled by the Company and approximately the received income will be higher than the self-cost and will be recorded in the section of Intangible Assets.

The expenditures for Software development covers revenues of specialists and the corresponding part of redistributable overheads.

The expenditures for working up Software, which are recognized as assets, are amortized during the period of their usefulness(not more of 10 years).

Accounts Receivable from Insurance Activities

Accounts Receivable from the Insurance activities represents assets with the fixed or defined payments. It arises from the direct servicing of a client by Company - which are subsumed of current assets; except the assets, which are discharged for the period more than a year and a half (these kind of assets are classified as the long-term assets). Accounts Receivable from the Insurance activities are represented in balance, by the article - Current Demands Towards Insurance Activities (note 4).

Liabilities to Insurance Creditors

Liabilities towards Creditors of the Insurance at first are reflected according to fair value with the deduction of Depreciation reserve.

Future Periods' Insurance revenue

Company transfers Profits from Insurance policy /the contracts into Balance - article "Differed income from insurance".

3. CASH AND CASH EQUIVALENTS

In accordance to the situation on December 31, 2014, cash and cash equivalents of the Company had the following structure:

	December 31, 2014 (GEL)	December 31, 2013 (GEL)
Cash On Hand	12634	1944
Current Bank Accounts	409981	209189
Term Deposits	1995499	1901296
	<u>2418114</u>	<u>2112429</u>

In the financial period of 2014 the Company has possessed the deposits in 4 following banks of Georgia: "KorStandard bank", "Bank Republic", "Halyk Bank" and "Bank of Georgia". The company deposits monetary funds into banks in compliance with requirements of rule, enacted by the National Bank – "About Placing and Investment of created reserves of Insurance, according to the Types of Insurance (except for life Insurance").

4. RECEIVABLES FROM INSURANCE ACTIVITIES

In accordance to situation on December 31, 2014, cash and cash equivalents of the Company (considering Bad/questionable Debts) had the following structure:

	December 31, 2014 (GEL)	December 31, 2013 (GEL)
Receivables from Insurance activities (Casco)	720,977	182,733
Receivables from Insurance activities (property)	98,926	68,225
Receivables from Insurance activities (health)	549,018	405,037
Receivables from Insurance activities (aviation)	5,173	
Receivables from Insurance activities (liability)	31,647	17,154
Receivables from Insurance activities (cargo)	212	549
Receivables from Insurance activities (travel)	2,496	512
Receivables from Insurance activities (container)	16,741	
Receivables from Insurance activities (other)	82,576	15,766
	<u>1,507,766</u>	<u>689,976</u>

5. OTHER RECEIVABLES FROM REINSURANCE

	December 31, 2014 (GEL)	December 31, 2013 (GEL)
Receivables from reinsurer from reimbursed claims	609,541	479,907
Receivable from reinsurance commission	485,020	371,970
	<u>1,094,561</u>	<u>851,878</u>

According to the year 2014, the key part of the company's requirements have been the requirements towards reinsurer, and simultaneously to founder of the company "Стандарт страхование" (Ваку) - who has claimed and insisted on commission fees out of reinsurance and reinsurer share in compensational losses. The Company's insurance covers not only medical risks insurance, but every other type of risks insurance are provided regularly.

6. INVENTORY

In accordance to the situation on December 31, 2014, inventory stocks (of materials and capital equipment) has been equal to GEL 18971; from this amount, sum of GEL 2331 have been applied for covering the cost of plastic insurance policy, 16154 GEL comprised the price of the car that was supplied to the company as a result of insurance claims and to

the end of the year the sum of GEL 486 has been on the balance of Company - as stock of fuel.

7. REINSURANCE COSTS OF FUTURE PERIODS

The structure of Company's reinsurance of costs - concerning the future periods - is the following:

	December 31, 2014 (GEL)	December 31, 2013 (GEL)
Reinsurance costs of future periods (Casco)	56,290	94,248
Reinsurance of future periods (property)	133,361	217,972
Reinsurance of future periods (health)	4,607	
Reinsurance of future periods (aviation)	116,901	1,289,268
Reinsurance of future periods (accident)		1,402
Reinsurance of future periods (cargo)	2,238	3,688
Reinsurance of future periods (marine insurance)	6,984	
Reinsurance of future periods (other)	143,824	110,944
	<u>464,205</u>	<u>1,717,521</u>

Reinsurance costs of future periods are expenses for the Reinsurance Policies, having an acting-validity, covering the next accounting period - including the revenues (accordingly expenditures too), which are also falling under the following accounting periods.

8. INTEREST ACCRUED ON DEPOSITS

	December 31, 2014 (GEL)	December 31, 2013 (GEL)
Interest Accrued on Deposits in Bank Republic	304	996
Interest Accrued on Deposits in Kor Standard Bank	1979	2233
Interest Accrued on Deposits in Halyk Bank	1208	
Interest Accrued on Deposits in Bank of Georgia	62	
	<u>3,552</u>	<u>3,229</u>

9. OTHER CURRENT ASSETS

	December 31, 2014 (GEL)	December 31, 2013 (GEL)
Advances	4,202	2,312
Due from employees	1,075	561
Prepaid property and other taxes	509	452
prepaid profit taxes		5,445
prepaid income taxes		2,470
prepaid expenses (Agents and Brokers)	68,263	41,238
Prepaid rent	7,437	
Other current assets	195,638	137,459
	<u>277,125</u>	<u>189,937</u>

10. FIXED AND INTANGIBLE ASSETS

By December 31, 2014 structure of company's fixed assets was the following:

	Leasehold Improvements (GEL)	Vehicles (GEL)	Computer and Communication equipment (GEL)	Fixtures and fittings and Other Fixed assets (GEL)	Intangible Assets (GEL)	Total (GEL)
Cost						
At 1 January 2014	58,753	82,987	108,366	49,316	13,537	312,958
Additions	3,598	21,885	9,834	9,167	2,500	46,985
Reductions		18,460			2,300	20,660
At 31 December 2014	<u>62,351</u>	<u>86,412</u>	<u>118,200</u>	<u>58,483</u>	<u>13,837</u>	<u>339,283</u>
Depreciation and Impairment						
At January 2014	57,516	29,345	87,981	24,584	5,416	204,842
Depreciation Charge	846	16,905	15,326	5,095	1,874	40,046
Disposals		13,638			990	14,628
Carrying value at 31 December 2014	<u>3,989</u>	<u>40,162</u>	<u>14,893</u>	<u>28,803</u>	<u>6,547</u>	<u>109,023</u>

11. DEFERRED TAX ASSET

Deferred tax assets are recognized, when it is probable, that sufficient taxable profits will be available - against which the deferred tax assets can be utilized. It is important to take into account the judgment of company's management about the tax planning strategy - if the future taxable profits can cover the previous years' tax losses in the consecutive years.

By the end of 2014, deferred tax asset had the following structure:

	<i>carrying amount</i>	<i>tax base</i>	<i>temporary differences</i>	<i>Income Tax Rate</i>	<i>Income taxes</i>
<i>2014</i>					
Property plant and equipment	101,486	88,425	(13,061)	15%	(1,959)
Intangible assets	7,537	5,595	(1,942)	15%	(291)
Tax loss carry-forwards	-	1,445,376	1,445,376	15%	216,806
Total:	109,023	1,539,396	1,430,373		214,556

12. LIABILITIES TO INSURANCE COMPANIES

As per December 31, 2014 liabilities to the insurance companies comprised of 317 939 GEL. This amount mainly comprised of liabilities to medical service providers (hospitals).

13. IBNR Reserve

As per December 31, 2014 IBNR reserve of the company had the following structure:

	December 31, 2014 (GEL)	December 31, 2013 (GEL)
IBNR Reserve	123,659	49,182
	<u>123,659</u>	<u>49,182</u>

14. LIABILITIES TO REINSURANCE COMPANIES

Liabilities to reinsurance of the company amounted to 1 745 788 GEL by December 31, 2014. The main part of this liabilities comprised reinsurance liability to shareholder and reinsurer, JSC „Стандарт Страхование“.

15. DEFERRED INSURANCE INCOME

	2014	2013
	(GEL)	(GEL)
Deferred revenue from insurance (Casco)	845,102	312,566
Deferred revenue from insurance (property)	160,915	251,960
Deferred revenue from insurance (health)	584,119	395,764
Deferred revenue from insurance (aviation)	117,893	1,290,926
Deferred revenue from insurance (cargo)	3,086	4,903
Deferred revenue from insurance (travel)	4,381	3,148
Deferred revenue from insurance (container)	8,545	
Deferred revenue from insurance (liability)	34,689	
Deferred revenue from insurance (marine)	9,415	
Deferred revenue from insurance (other insurance)	174,621	145,099
	<u>1,942,765</u>	<u>2,404,366</u>

16. DEFERRED INCOME FROM REINSURANCE COMMISSION

	2014	2013
	(GEL)	(GEL)
Deferred revenue from reinsurance commission (Casco)	14,072	20,494
Deferred revenue from reinsurance commission (property)	18,094	15,374
Deferred revenue from reinsurance commission (aviation)	2,357	32,326
Deferred revenue from reinsurance commission (cargo)	615	922
Deferred revenue from reinsurance commission (other insurance)	11,716	3,706
	<u>46,854</u>	<u>72,823</u>

17. OTHER CURRENT LIABILITIES

	2014	2013
	(GEL)	(GEL)
Creditors	7,174	14,534
Accountable persons	361	760
Income Tax	5,675	401
Reverse Charge VAT	480	218
Other taxes and Penalties	550	
Payables to brokers and agents	97,995	25,928
Other current liabilities	5,720	11,790
	<u>117,957</u>	<u>53,631</u>

18. CAPITAL

As per December 31, 2014 share capital of the company comprised 4480000 GEL. By the time financial statements were prepared the only shareholder of the company was the Joint Stock Company „Стандарт Страхование“ Baku, Azerbaijan.

19. EARNED INSURANCE PREMIUM

	2014	2013
	(GEL)	(GEL)
Changes in Unearned Premium Reserve (Casco)	1,416,004	611,979
Changes in Unearned Premium Reserve (bank guarantee)		
Changes in Unearned Premium Reserve (property)	336,867	386,009
Changes in Unearned Premium Reserve (health)	2,100,746	1,163,236
Changes in Unearned Premium Reserve (cargo)	59,342	30,248
Changes in Unearned Premium Reserve (aviation)	905,681	2,060,302
Changes in Unearned Premium Reserve (liability)	72,318	41,687
Changes in Unearned Premium Reserve (travel)	22,203	7,641
Changes in Unearned Premium Reserve (accident)	240	9,935
Changes in Unearned Premium Reserve (container)	106,882	
Changes in Unearned Premium Reserve (marine responsibility)	63,463	
Changes in Unearned Premium Reserve (other insurance)	198,555	28,050
	<u>5,282,301</u>	<u>4,339,086</u>

20. UNEARNED PREMIUM RESERVE

	2014	2013
	(GEL)	(GEL)
Changes in Unearned Premium Reserve (Casco)	(532,536)	(192,343)
Changes in Unearned Premium Reserve (Property)	91,046	220,310
Changes in Unearned Premium Reserve (Health)	(188,354)	(269,593)
Changes in Unearned Premium Reserve (Cargo)	1,817	(4,903)
Changes in Unearned Premium Reserve (Aviation)	1,173,033	(992,746)
Changes in Unearned Premium Reserve (Liability)	(10,805)	
Changes in Unearned Premium Reserve (Travel)	(1,230)	(3,148)
Changes in Unearned Premium Reserve (Accident)	1,833	
Changes in Unearned Premium Reserve (Container)	(8,545)	
Changes in Unearned Premium Reserve (Marine responsibility)	(9,415)	
Changes in Unearned Premium Reserve (Other insurance)	(55,239)	43,061
	<u>461,604.00</u>	<u>(1,199,361)</u>

21. REINSURANCE EXPENSES

	2014 (GEL)	2013 (GEL)
Reinsurance Expenses (Casco)	190,266	190,843
Reinsurance Expenses (property)	362,456	527,741
Reinsurance Expenses (cargo)	55,158	17,129
Reinsurance Expenses (accident)	3,539	4,910
Reinsurance Expenses (aviation)	2,075,525	1,063,234
Reinsurance Expenses (marine)	31,685	
Reinsurance Expenses (health)	19,796	
Reinsurance Expenses (other insurance)	90,078	61,283
	<u>2,828,503</u>	<u>1,865,141</u>

22. INSURANCE CLAIMS

	2014 (GEL)	2013 (GEL)
Claims paid (Casco)	637,038	237,906
Claims paid (Property)	104,116	14,510
Claims paid (cargo)	2,182	2,029
Claims paid (travel)		169
Claims paid (container)	27,594	
Claims paid (bank guarantee)	8,940	
Claims paid (responsibility)	5,000	
Claims paid (health Insurance)	1,347,083	584,269
	<u>2,131,952</u>	<u>838,884</u>

23. COMMISSION PAID TO AGENTS AND BROKERS

During the reporting period commission expenses of the company mainly consisted of payments to agents who earned insurance contracts for the company. Commission expenses usually represent fixed, one-time contractual payments that are basically connected to new insurance contracts. Company systematically records such expenses, in the every moment when services are received.

24. OTHER INCOME FROM INSURANCE ACTIVITIES

During the reporting period other income from insurance of the company totaled to 295381 GEL. Other income from insurance activities represented incomes from saved property – 54436 GEL and revenues from regress – 111605 GEL.

25. OTHER AND ADMINISTRATIVE EXPENSES

	2014 (GEL)	2013 (GEL)
Salary	774,324	616,707
Rent Expenses	135,932	97,737
Utilities and Communication	38,652	31,436
Consulting and Audit Expenses	29,665	41,186
Depreciation	40,046	53,537
Taxes and Penalties	1,007	11,550
Bank charges	2,153	2,569
Representative Expenses	8,921	10,442
Expenses for fuel	38,204	32,046
Insurance	15,290	
Other administrative expenses	71,623	59,859
	<u>1,155,817</u>	<u>957,069</u>

26. FINANCIAL INCOME AND FINANCIAL EXPENSES

During the reporting period, Financial Income of the company mainly represented accrued interest from deposits and current interest bearing accounts. Company kept Interest bearing accounts and deposits in different commercial banks of Georgia.

	2014 (GEL)	2013 (GEL)
KorStandard Bank	76,988	70,516
Bank Republic	13,014	23,588
Halyk Bank	3,695	
Bank of Georgia	9,860	33,102
	<u>103,557</u>	<u>127,206</u>

27. PROFIT LOSS FROM FOREIGN EXCHANGE AND OTHER INCOME/(EXPENSES)

	2014 (GEL)	2013 (GEL)
Profit/(loss) from foreign exchange	392	138,034
Profit/(loss) from sales of fixed assets	4,881	
Bad Debts		(1,901)
Bad Debts from insurance debtors	(26,771)	
Other Incomes / (Expenditures)	(7,290)	(75,329)
	<u>(28,787)</u>	<u>60,604</u>

28. PROFIT TAX EXPENSE

	2014 (GEL)	2013 (GEL)
Profit before profit tax	(36,070)	(46,852)
Applicable tax rate	15%	15%
Theoretical income tax	(5,410)	(7,028)
Effect of changes in not recognized deferred tax and tax effect of expenses that are not include for tax purposes	113,603	(21,492)
Profit tax expense	<u>108,193</u>	<u>(28,520)</u>

29. GOING CONCERN

According to the International reporting Standards, current financial statements have been prepared on the principle of going concern, which means that a business will remain in operation for the foreseeable future. The principle meaning is - that the realization of the assets and liability fulfillment goes in the normal process of business.