



TSODNISA

AUDIT CONCERN

Joint Stock Company

"Standard Insurance Georgia"

FINANCIAL STATEMENTS

**FOR THE TWELVE MONTH PERIOD ENDED
31 DECEMBER 2015**

2016



Auditing Concern "TSODNISA" Ltd

41, Vazha-Pshavela ave., Tbilisi, Georgia. Identification code 211344188
Tel.: 239-33-50 E-mail: info@tsodnisa.ge

Independant 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 2015, Statement of Comprehensive Income, statement of changes in Shareholders' equity and cash flow statement for the calendar year that ended December 31, 2015.
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 in regarding the financial position of the Company as at 31 December 2015; and its financial performance and its cash flows for the period from 01 January 2015 to 31 December 2015, in accordance with International Financial Reporting Standards.

General Director
Ltd auditing concern "Tsodnisa",
March 14, 2016

George Tsertsvadze



Table of Contents

Independent Auditor's Report-----	2
Statement of financial position -----	4
Statement of Comprehensive Income-----	5
Statement of Changes in Equity-----	6
Statement of Cash Flows -----	7
Explanatory Notes to financial statements -----	9

JSC "Standard Insurance Georgia"
Statement of financial position
for the period that ended December 31, 2015

	Balance as of 31.12.2015	Balance as of 31.12.2014	Notes
Assets			
Total Current Assets:			
Cash and Cash equivalents	3 093 181	2 418 114	3
Trade Receivables -Current Part	1 767 753	1 507 766	4
Other receivables from reinsurance	1 728 397	1 094 561	5
Inventory	72 624	18 971	6
Prepaid reinsurance expenses	551 869	464 205	7
Prepaid Expenses and Prepaid Taxes	5 073	3 552	8
Other current Assets	435 072	277 125	9
Total Non-current Assets:			
Fixed Assets	110 494	101 486	10
Intangible Assets	8 324	7 537	
Deffered tax	178 815	214 556	11
TOTAL ASSETS:	7 951 601	6 107 873	
Liabilities and Shareholder's Equity			
Total Current Liabilities:			
Payables to insurance creditors	472 462	317 939	12
5% IBNR Reserve	117 769	123 659	13
Payables to reinsurer	2 980 143	1 745 788	14
Deffered income from Insurance	2 207 607	1 942 765	15
Deffered income from Reinsurance	115 665	46 854	16
Other current liabilities	194 719	117 957	17
TOTAL LIABILITIES:	6 088 365	4 294 961	
Share Capital	4 480 000	4 480 000	18
Accumulated Profit / (loss)	(2 616 764)	(2 667 088)	
TOTAL SHAREHOLDERS' EQUITY	1 863 236	1 812 912	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:	7 951 601	6 107 873	

Director

N. Gurbanov

Head of Finance Department

M. Guruli



JSC "Standard Insurance Georgia"
 Statement of Comprehensive Income
 for the twelve month period that ended December 31, 2015

	2 0 1 5	2 0 1 4	
Written Premium	4 516 652	5 282 301	19
Changes in UPR (Brutto)	(264 841)	461 604	20
Reinsurance Expenses	(945 001)	(2 828 503)	21
Insurance claims	(2 575 529)	(2 131 952)	22
part of reinsurer in Insurance claims	96 557	93 621,35	
IBNR Reserve	5 889	(74 476)	
Gross Profit (loss):	833 727	802 595	
Commission Expenses (Agents and Brockers)	(254 715)	(206 890)	23
Income from reinsurance commission	171 099	153 892	
Other income from insurance activity	329 046	295 381	24
Total Profit from Operations:	1 079 157	1 044 978	
Administrative expenses	(1 467 734)	(1 155 817)	25
Total operating expenses	(1 467 734)	(1 155 817)	
Financial Income	118 183	103 557	
Finanacial Expenses			26
Gains/(losses) from currency exchange and other Income	356 460	(28 787)	27
Profit before Tax:	86 065	(36 070)	
Prifot Tax:	35 741	108 193	28
Profit after tax:	50 324	(144 262)	
Net Profit / (Loss) from Regular Activity	50 324	(144 262)	

Director

Head of Finance Department



JSC "Standard Insurance Georgia"Statement of Changes in Equity
for the that ended December 31, 2015

	Share Capital	Revaluation Reserve	Retained Earnings	Total:
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
Issue of Shares				
Retained Earnings			50 324	50 324
Balance as at 1 January 2016	4 480 000	-	(2 616 764)	1 863 236

Director

Head of Finance Department


N. Gurbanov


M. Guruli



JSC "Standard Insurance Georgia"

Statement of Cash Flows

for the twelve months period that ended December 31, 2015

	2015	2014
Cash Flows from Operating Activities		
Insurance Premium Received	4,327,503	3,532,322
Cash reimbursed by reinsurer for claims		2,235
Cash received from saved property	175,994	100,351
Cash received from reinsurance commission	20,855	34,293
Cash received from other operating activities	94	-
Reinsurance Premiums Paid	(336,080)	(288,886)
Claims Paid	(2,344,591)	(1,891,068)
Cash Paid for salary	(797,565)	(608,387)
Cash Paid for Profit tax (Tax from interests)	-	-
Cash Paid for taxes	(303,276)	(199,811)
Cash Paid for Penalties	-	-
Cash Paid for Bank Charges	(3,783)	(2,152)
Cash Paid for Rent	(146,468)	(130,536)
Cash Paid for consulting and audit services	(25,974)	(29,689)
Cash Paid for brokers and agents	(200,819)	(124,056)
Cash Paid for communication expenses	(25,260)	(24,777)
Cash Paid for stationary expenses	(13,893)	(13,660)
Cash paid to employees as advances	59	(265)
Cash paid to other vendors	(23,951)	
Cash paid to other operating activities	(156,927)	(105,651)
claims	2,780	
Net cash provided (used) by operating activities	148,697	250,264
Cash Flows from Investing Activities		
Cash paid for purchase of fixed assets	(32,329)	(69,038)
Cash received from sale of fixed assets		9,413
Cash paid for purchase of Intangible assets	(3,000)	(1,000)
Interest from bank deposits	117,151	103,173
Short term loans issued		
Net cash provided (used) by investing activities	81,822	42,547
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	444,548	12,875
Increase (decrease) in cash during the period	675,067	305,686
Cash balance at the beginning of the period	2,418,114	2,112,429
Cash balance at the end of the period	3,093,181	2,418,114

Director

N. Gurbanov

 N. Gurbanov

Head of Finance Department

M. Guruli

 M. Guruli



JSC "Standard Insurance Georgia"

Explanatory Notes to financial statements

for the twelve month period that ended December 31, 2015

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 “Стандарт 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:

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

31.12.2015 - USD 1 = 2.3949 GEL EUR 1 = 2.6169 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, 2015, cash and cash equivalents of the Company had the following structure:

	December 31, 2015 (GEL)	December 31, 2014 (GEL)
Cash On Hand	6 944	12 634
Current Bank Accounts	649 650	409 981
Term Deposits	2 436 587	1 995 499
	<u>3 093 181</u>	<u>2 418 114</u>

In the financial period of 2015 the Company has possessed the deposits in 5 following banks of Georgia: "KorStandard bank", "Bank Republic", "Halyk Bank", "Caucasus Development 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, 2015, cash and cash equivalents of the Company (considering Bad/questionable Debts) had the following structure:

	December 31, December 31,	
	2015	2014
	(GEL)	(GEL)
Receivables from Insurance activities (Casco)	698631	720977
Receivables from Insurance activities (property)	103628	98926
Receivables from Insurance activities (health)	776525	549018
Receivables from Insurance activities (aviation)	6648	5173
Receivables from Insurance activities (liability)	53200	31647
Receivables from Insurance activities (cargo)	10438	212
Receivables from Insurance activities (travel)	106	2496
Receivables from Insurance activities (container)	63417	16741
Receivables from Insurance activities (other)	131024	82576
Receivables from Insurance activities (professional liabilities)	2779	
Provision of bad debts (from insurance claims)	-78645	
	<u>1 767 753</u>	<u>1 507 766</u>

5. OTHER RECEIVABLES FROM REINSURANCE

	December 31, December 31,	
	2015	2014
	(GEL)	(GEL)
Receivables from reinsurer from reimbursed claims	879 780	609 541
Receivable from reinsurance commission	848 616	485 020
	<u>1 728 397</u>	<u>1 094 561</u>

According to the year 2015, the key part of the company's requirements have been the requirements towards reinsurer - "SCOR Perestrakhovaniye" and simultaneously to founder of the company "Стандарт страхование" (Baku) - 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, 2015, inventory stocks (of materials and capital equipment) has been equal to GEL 72 624; from this amount, sum of GEL 2195 have been applied for covering the cost of plastic insurance policy, 70 156 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 273 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, 2015 (GEL)	December 31, 2014 (GEL)
Reinsurance costs of future periods (Casco)	161 584	56 290
Reinsurance of future periods (property)	159 735	133 361
Reinsurance of future periods (health)	3 915	4 607
Reinsurance of future periods (aviation)	35 734	116 901
Reinsurance of future periods (accident)		
Reinsurance of future periods (cargo)	9 298	2 238
Reinsurance of future periods (marine transport)	8 608	6 984
Reinsurance of future periods (other)	148 288	143 824
Reinsurance of future periods (professional liabilities)	24 706	
	<u>551 869</u>	<u>464 205</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, 2015 (GEL)	December 31, 2014 (GEL)
Interest Accrued on Deposits in Bank Republic		304
Interest Accrued on Deposits in Kor Standard Bank	2 176	1 979
Interest Accrued on Deposits in Halyk Bank	797	1 208
Interest Accrued on Deposits in Caucasus Development Bank	2 099	
Interest Accrued on Deposits in Bank of Georgia		62
	<u>5 073</u>	<u>3 552</u>

9. OTHER CURRENT ASSETS

	December 31, 2015 (GEL)	December 31, 2014 (GEL)
Advances	33 749	4 202
Due from employees	242	1 075
Prepaid property and other taxes		509
prepaid profit taxes		
prepaid income taxes	3 185	
prepaid expenses (Agents and Brokers)	144 707	68 262.99
prepaid rent expenses		7 437
Claims from regress	223 886	179 483
Other current assets	29 303	16 155
	<u>435 072</u>	<u>277 125</u>

10. FIXED AND INTANGIBLE ASSETS

By December 31, 2015 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 2015	62 351	86 412	118 200	58 483	13 837	339 283
Additions	1 254	11 900	14 022	17 732	3 000	47 908
Reductions						-
At 31 December 2015	<u>63 605</u>	<u>98 312</u>	<u>132 222</u>	<u>76 215</u>	<u>16 837</u>	<u>387 190</u>
Depreciation and Impairment						
At January 2015	58 362	32 612	103 306	29 680	6 300	230 260
Depreciation Charge	1 078	18 274	9 564	6 986	2 213	38 115
Disposals						-
Carrying value at 31 December 2015	<u>4 165</u>	<u>47 427</u>	<u>19 352</u>	<u>39 549</u>	<u>8 324</u>	<u>118 816</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 2015, deferred tax asset had the following structure:

12. LIABILITIES TO INSURANCE COMPANIES

As per December 31, 2015 liabilities to the insurance companies comprised of 472 462 GEL. This amount mainly comprised of liabilities to medical service providers (hospitals).

	<i>carrying amount</i>	<i>tax base</i>	<i>temporary differences</i>	<i>Income Tax Rate</i>	<i>Income taxes</i>
2015					
Property plant and equipment	110 494	85 068	(25 426)	15%	(3 814)
Intangible assets	8 324	7 306	(1 018)	15%	(153)
Allowance for doubtful debts	(303 738)		303 738	15%	45 561
Tax loss carry-forwards		914 809	914 809	15%	137 221
Total:	(184 920)	1 007 182	1 192 103		178 815

13. IBNR Reserve

As per December 31, 2015 IBNR reserve of the company had the following structure:

	December 31, 2015 (GEL)	December 31, 2014 (GEL)
5% IBNR Reserve	117 769	123 659
	117 769	123 659

14. LIABILITIES TO REINSURANCE COMPANIES

Liabilities to reinsurance of the company amounted to 2 980 143 GEL by December 31, 2015. The main part of this liabilities comprised reinsurance liability to shareholder and reinsurer, JSC „Стандард Страхование“.

15. DEFFERED INSURANCE INCOME

	2015 (GEL)	2014 (GEL)
Deffered revenue from insurance (casco)	895 560	845 102
Deffered revenue from insurance (property)	179 155	160 915
Deffered revenue from insurance (health)	752 844	584 119
Deffered revenue from insurance (aviation)	35 733	117 893
Deffered revenue from insurance (cargo)	12 612	3 086
Deffered revenue from insurance (travel)	6 845	4 381
Deffered revenue from insurance (container)	14 136	8 545
Deffered revenue from insurance (liability)	66 115	34 689
Deffered revenue from insurance (marine)	11 669	9 415
Deffered revenue from insurance (other insurance)	195 225	174 621
Deffered revenue from insurance (Professional Liability)	37 712	
	<u>2 207 607</u>	<u>1 942 765</u>

16. DEFFERED INCOME FROM REINSURANCE COMMISSION

	2015 (GEL)	2014 (GEL)
Deffered revenue from reinsurance commission (Casco)	44 388	14 072
Deffered revenue from reinsurance commission (property)	49 225	18 094
Deffered revenue from reinsurance commission (aviation)	894	2 357
Deffered revenue from reinsurance commission (cargo)	2 557	615
Deffered revenue from reinsurance commission (other insurance)	18 601	11 716
	<u>115 665</u>	<u>46 854</u>

17. OTHER CURRENT LIABILITIES

	2015 (GEL)	2014 (GEL)
Creditors	15 042	7 174
Accountable persons		361
Income Tax		5 675
Reverse Charge VAT	673	480
Other taxes and Penalties	1 151	550
Payables to brokers and agents	176 975	97 995
Other current liabilities	879	5 720
	<u>194 719</u>	<u>117 957</u>

18. CAPITAL

As per December 31, 2015 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

	2015 (GEL)	2014 (GEL)
Written Premium (casco)	1 325 206	1 416 004
Written Premium(bank guarantee)		
Written Premium (property)	399 665	336 867
Written Premium (health)	1 938 190	2 100 746
Written Premium (cargo)	73 052	59 342
Written Premium (aviation)	(5 453)	905 681
Written Premium (liability)	134 470	72 318
Written Premium(travel)	28 589	22 203
Written Premium (accident)		240
Written Premium (container)	244 727	106 882
Written Premium (marine liability)	78 656	63 463
Written Premium (other insurance)	255 309	198 555
Written Premium (other insurance)	44 241	
	<u>4 516 652</u>	<u>5 282 301</u>

20. UNEARNED PREMIUM RESERVE

	2015 (GEL)	2014 (GEL)
Changes in Unearned Premium Reserve (Casco)	(50 458)	(532 536)
Changes in Unearned Premium Reserve (property)	(18 241)	91 046
Changes in Unearned Premium Reserve (health)	(168 725)	(188 354)
Changes in Unearned Premium Reserve (cargo)	(9 526)	1 817
Changes in Unearned Premium Reserve (aviation)	82 160	1 173 033
Changes in Unearned Premium Reserve (liability)	(31 426)	(10 805)
Changes in Unearned Premium Reserve (travel)	(2 464)	(1 230)
Changes in Unearned Premium Reserve (accident)		1 833
Changes in Unearned Premium Reserve (container)	(5 591)	(8 545)
Changes in Unearned Premium Reserve (marine liability)	(2 254)	(9 415)
Changes in Unearned Premium Reserve (other insurance)	(20 604)	(55 239)
Changes in Unearned Premium Reserve (Professional Liability)	(37 712)	
	<u>(264 841)</u>	<u>461 604</u>

21. REINSURANCE EXPENSES

	2015 (GEL)	2014 (GEL)
Reinsurance Expenses (casco)	233 932	190 266
Reinsurance Expenses (property)	321 995	362 456
Reinsurance Expenses (cargo)	42 459	55 158
Reinsurance Expenses (accident)		3 539
Reinsurance Expenses (aviation)	75 714	2 075 525
Reinsurance Expenses (marine)	56 401	31 685
Reinsurance Expenses (health)	45 717	19 796
Reinsurance Expenses (other insurance)	164 691	90 078
Reinsurance Expenses (Professional Liability)	4 091	
	<u>945 001</u>	<u>2 828 503</u>

22. INSURANCE CLAIMS

	2015 (GEL)	2014 (GEL)
Claims paid (Casco)	1 027 193	637 038
Claims paid (Property)	56 968	104 116
Claims paid (cargo)		2 182
Claims paid (travel)		
Claims paid (container)	103 005	27 594
Claims paid (Bank Guarantee)	33 445	8 940
Claims paid (Liability)	31 105	5 000
Claims paid (health Insurance)	1 323 814	1 347 083
	<u>2 575 529</u>	<u>2 131 952</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 329 046 GEL. Other income from insurance activities represented incomes from saved property – 100 164 GEL, revenue from franchise 59 931 GEL, and revenues from regress – 168 951 GEL.

25. OTHER AND ADMINISTRATIVE EXPENSES

	2015 (GEL)	2014 (GEL)
Salary	1 007 223	774 324
Rent Expenses	187 127	135 932
Utilities and Communication	39 926	38 652
Consulting and Audit Expenses	25 727	29 665
Depreciation	38 115	40 046
Taxes and Penalties	14 595	1 007
Bank charges	3 783	2 153
Representative Expenses	10 913	8 921
Expenses for fuel	32 065	38 204
Insurance	20 207	15 290
Other administrative expenses	88 052	71 623
	<u>1 467 734</u>	<u>1 155 817</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.

	2015 (GEL)	2014 (GEL)
KorStandard Bank	74 621	76 988
Bank Republic	8 522	13 014
Procredit Bank		
Halyk Bank	23 882	3 695
Caucasus Deelopment Bank	6 927	
Bank of Georgia	4 231	9 860
	<u>118 183</u>	<u>103 557</u>

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

	2015	2014
	(GEL)	(GEL)
Profit/(loss) from foreign exchange	411 534	392
Profit/(loss) from sales of fixed assets		4 881
Bad Debts		
Bad Debts from insurance debtors	(91 344)	(26 771)
Other Incomes / (Expenditures)	36 270	(7 290)
	<u>356 460</u>	<u>(28 787)</u>

28. PROFIT TAX EXPENSE

	2015	2014
	(GEL)	(GEL)
Profit before profit tax	86 065	(36 070)
Applicable tax rate	15%	15%
Theoretical income tax	12 910	(5 410)
Effect of changes in not recognized deferred tax and tax effect of expenses that are not include for tax purposes	22 831	113 603
Profit tax expense	<u>35 741</u>	<u>108 193</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.