Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2012

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditor in relation to the financial statements of Microfinance Organization Giro Credit Limited Liability Company (the "MFO").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the MFO at 31 December 2012, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standard for Small and Medium-sized enterprises ("IFRS for SMEs").

In preparing the financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS for SMEs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the MFO will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the MFO;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the MFO, and which enable them to ensure that the financial statements of the MFO comply with IFRS for SMEs;
- Maintaining statutory accounting records in compliance with legislation of Georgia;
- Taking such steps as are reasonably available to them to safeguard the assets of the MFO; and
- Detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2012 were authorized for issue on 15 May 2013 by the Management Board.

Giorgi Gugumberidze Director	Ketevan Pirtskhalaishvili Accountant

Capto group
67, Agmashenebeli Ave.
Tbilisi 0102, Georgia
T +995 32 255 88 99 F +995 32 295 11 02
www.rsmcapto.ge

INDEPENDENT AUDITOR'S REPORT

To the Owners and Management of Microfinance Organization Giro Credit Limited Liability Company:

We have audited the accompanying financial statements of Microfinance Organization Giro Credit Limited Liability Company (the "MFO"), which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes (the "Financial Statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs"). This responsibility includes maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with IFRS for SMEs; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditors' 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 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 significant 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 reasonable basis for our qualified opinion on the Financial Statements.

Basis for Qualified Opinion

1) The MFO's total interest income for the year ended 31 December 2012 of GEL 606,882 includes amounts earned on loans collateralized by motor vehicles of GEL 15,824 and loans collateralized by precious metals of GEL 4,825 that have been accrued without supporting documents via manual entry to adjust differences in the MFO's accounting software. The MFO's records indicate that had management not made accrual of the above interest income amounts, total interest income for the reporting year would have been decreased by GEL 20,649. Accordingly, the equity balance at 31 December 2012 and amounts of income tax expense and net profit for the year then ended would have been reduced by GEL 17,552, GEL 3,097 and GEL 17,552, respectively. We were unable to assess the effect of the above on loans to customers balance at 31 December 2012, since the MFO's records do not indicate what part of the interest income accrued without supporting documents was paid by customers;
2) The MFO's fee and commission income for the year ended 31 December 2012 of GEL 36,816 entirely consists of loan origination fee. Management has not included this as transaction price at initial recognition of loans to customers, which is a departure from IFRS for SMEs. The MFO's records indicate that had management included loan origination fee in transaction price at initial recognition of loans to customers, fee and commission income would have been decreased by GEL 36,816. However we were unable to assess the effect on amortized cost of loans to customers as recalculation of amortized cost of all the loans to customers was not included into the scope of our audit. Respectively we were unable to assess the effect of the above on the balance of equity as at 31 December 2012 and on the interest income, income tax and net profit for the year then ended.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying Financial Statements present fairly, in all material respects, the financial position of the MFO as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

Other Matter

The financial statements of the MFO for the year ended 31 December 2011 were not audited.

15 May 2013
Capto Group
The member firm of RSM

Capto Group. The member firm of RSM

STATEMENT OF COMPREHENSIVE INCOME

		2012	2011 Unaudited
	Notes	GEL	GEL
INTEREST INCOME	4	606,882	174,184
Interest expense	4	(102,495)	(55,820)
Net interest income	**4**	**504,387**	**118,364**
Loan impairment losses		(107,676)	(12,794)
Net interest income after loan impairment losses		**396,711**	**105,570**
Income from fines	5	65,706	1,087
Fee and commission income	6	36,816	-
Other operating income		6,038	5,150
Operating expenses	7	(61,109)	(12,258)
Net foreign exchange translation gain/(loss)	8	(1,885)	1,459
Profit before tax		**442,277**	**101,008**
Income tax expense	9	(82,684)	(16,961)
Profit for the year		**359,593**	**84,047**

Approved for issue and signed on behalf of the Management Board on 15 May 2013.

Giorgi Gugumberidze
Director

Ketevan Pirtskhalaishvili
Accountant

STATEMENT OF FINANCIAL POSITION

	Notes	2012 GEL	2011 Unaudited GEL
ASSETS			
Property and equipment	10	297,618	3,299
Loans to customers	11	1,012,768	534,441
Other assets	12	11,539	711
Cash and cash equivalents	13	44,863	20,741
TOTAL ASSETS		**1,366,788**	**559,192**
EQUITY			
Owners' capital	14	251,083	251,083
Retained earnings		350,826	86,671
TOTAL EQUITY		**601,909**	**337,754**
LIABILITIES			
Borrowings	15	681,732	174,290
Deferred income tax liability	16	342	323
Other liabilities	17	16,943	30,187
Current income tax liability		65,862	16,638
TOTAL LIABILITIES		**764,879**	**221,438**
TOTAL LIABILITIES AND EQUITY		**1,366,788**	**559,192**

Approved for issue and signed on behalf of the Management Board on 15 May 2013.

Giorgi Gugumberidze
Director

Ketevan Pirtskhalaishvili
Accountant

STATEMENT OF CHANGES IN EQUITY

	Owners' capital	Retained earnings	TOTAL
	GEL	GEL	GEL
Balance at 1 January 2011, unaudited	800	2,624	3,424
PROFIT FOR THE YEAR	-	84,047	84,047
TOTAL COMPREHENSIVE INCOME	-	84,047	84,047
Contribution to equity	250,283	-	250,283
Balance at 31 December 2011, unaudited	251,083	86,671	337,754
PROFIT FOR THE YEAR	-	359,593	359,593
TOTAL COMPREHENSIVE INCOME	-	359,593	359,593
Dividend paid - Final for 2011	-	(95,438)	(95,438)
BALANCE AT 31 DECEMBER 2012	251,083	350,826	601,909

Approved for issue and signed on behalf of the Management Board on 15 May 2013.

Giorgi Gugumberidze
Director

Ketevan Pirtskhalaishvili
Accountant

STATEMENT OF CASH FLOWS

	Notes	2012 GEL	2011 Unaudited GEL
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		359,593	84,047
Adjustments for:			
Income tax expense		82,684	16,961
Depreciation and amortization	7	1,614	694
Changes in operating assets and liabilities:			
Increase in loans to customers		(478,327)	(488,863)
Increase in other assets		(10,828)	(1,710)
Increase/(decrease) in other liabilities		(13,244)	30,689
Cash used in operations		**(58,508)**	**(358,182)**
Income tax paid		(33,559)	-
Net cash used in operating activities		**(92,067)**	**(358,182)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	10	(295,815)	(3,019)
Net cash used in investing activities		**(295,815)**	**(3,019)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution to owners' capital		-	250,283
Net increase in borrowings		507,442	106,279
Dividends paid		(95,438)	-
Net cash generated by financing activities		**412,004**	**356,562**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**24,122**	**(4,639)**
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At start of year		20,741	25,380
Increase/(Decrease)		24,122	(4,639)
AT END OF YEAR	13	**44,863**	**20,741**

Approved for issue and signed on behalf of the Management Board on 15 May 2013.

Giorgi Gugumberidze
Director

Ketevan Pirtskhalaishvili
Accountant

NOTES

1 General information

Microfinance Organization Giro Credit Limited Liability Company ("the MFO") is domiciled in and registered under the laws of Georgia (the date of incorporation: 21 October 2010). The address of its office is 3 Gamsakhurdia avenue, Tbilisi, Georgia. The MFO operates as lending organization offering micro loans (up to GEL 50,000 per borrower) collateralized by motor vehicles, precious metals, real estate, and computer and other equipment. It was registered as microfinance organization by National Bank of Georgia on 20 December 2011.

The founder and sole owner of the MFO is Giorgi Gugumberidze.

The Company employed total staff of 10 as at 31 December 2012 (31 December 2011: 11).

These financial statements were approved for issue by the management on 15 May 2013.

2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Georgian Lari ("GEL"). The measurement basis used is the historical cost basis, except where otherwise stated in the accounting policies below.

Since the MFO was founded at the end of 2010, this is the first time it prepares the financial statements.

Financial instruments

(a) Loans to customers

Loans to customers are initially recognised at the transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method.

At the end of each reporting period, the MFO assesses whether there is objective evidence of impairment of the financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the MFO recognises an impairment loss in profit or loss immediately. The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

(b) Borrowings

Borrowings are initially recognised at the transaction price(including transaction costs) and subsequently measured at amortised cost using the effective interest method.

Income and expense recognition

(a) Interest income and expense

Interest income and expense are recognised using the effective interest method.

(b) Income from fines

Income from fines is recognised when the management decides to exercise its right to impose fine on borrower due to breaching loan agreement.

NOTES (CONTINUED)

(c) Operating expenses

Staff costs – gross salaries, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees. The Company does not have post-employment benefit obligations.

Office rent – rentals payable under operating leases are accrued on a straight-line basis over the term of the relevant lease.

Translation of foreign currencies

The functional currency of the Company is Georgian Lari ("GEL"). Transactions in foreign currencies are initially recorded in the functional currency using the official exchange rates of the National Bank of Georgia at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement are recognised in profit or loss.

The applicable exchange rates used were:

	Official currency rate of the National Bank of Georgia	
	USD	EUR
Exchange rate as at 31 December 2012	1.66	2.18
Exchange rate as at 31 December 2011	1.67	2.16
Average rate for the year ended 31 December 2012	1.65	2.12
Average rate for the year ended 31 December 2011	1.69	2.35

Income tax

Income tax expense represents the aggregate amount included in profit or loss for the period in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable or refundable in respect of the taxable profit or loss for the current or prior periods.

A deferred income tax asset or liability is recognised for tax recoverable or payable in future periods as a result of past transactions or events. Deferred income tax arises from differences (known as temporary differences) between the carrying amounts of assets and liabilities in the statement of financial position and their corresponding tax bases. The tax bases of assets are determined by the consequences of sale of the assets.

Deferred income tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred income tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses.

Deferred income tax assets are measured at the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. The net carrying amount of deferred income tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, unless attributable to an item in other comprehensive income.

Deferred income tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which management expects the deferred income tax asset to be realised or the deferred income tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES (CONTINUED)

Owners' capital and dividends payable

Owners' capital is determined by the decision of MFO's founder. Dividends are recognised as a liability in the year in which they are declared.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Construction in progress is not depreciated. For all other assets, depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. 14% annual rate is used for the depreciation of property and equipment.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss.

At each reporting date, property and equipment are reviewed to determine whether there is any indication that the assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

3 Judgements and key sources of estimation uncertainty

Management has made key assumptions regarding the impairment of financial assets, as disclosed in Note 11.

4 Interest income and expense

	2012 GEL	2011 GEL
Interest income from loans collateralized by motor vehicles	344,364	105,045
Interest income from loans collateralized by precious metals	131,034	51,034
Interest income from loans collateralized by computer and other equipment	93,663	17,773
Interest income from loans collateralized by real estate	37,821	332
	606,882	174,184
Interest expense on loans from individuals	(55,674)	(30,703)
Interest expense on loans from banks	(46,821)	(25,117)
	(102,495)	(55,820)
NET INTEREST INCOME	504,387	118,364

NOTES (CONTINUED)

5 Income from fines

	2012	2011
	GEL	GEL
Income from fines on loans collateralized by motor vehicles	59,013	1,087
Income from fines on loans collateralized by precious metals	4,597	-
Income from fines on loans collateralized by real estate	2,096	-
	65,706	1,087

6 Fee and commission income

	2012	2011
	GEL	GEL
Fee and commission income on loans collateralized by motor vehicles	32,480	-
Fee and commission income on loans collateralized by real estate	2,587	-
Fee and commission income on loans collateralized by precious metals	1,261	-
Fee and commission income on loans collateralized by computer and other equipment	488	-
	36,816	-

7 Operating expenses

	2012	2011
	GEL	GEL
Staff costs	33,627	7,125
Office rent	9,916	4,346
Professional services	5,880	-
Communication	2,180	-
Depreciation and amortization	1,614	694
Taxes other than income tax	1,489	4
Utilities	1,113	-
Other operating expenses	5,290	89
	61,109	12,258

8 Net foreign exchange translation gain/(loss)

	2012	2011
	GEL	GEL
Foreign exchange translation gain	64,468	42,569
Foreign exchange translation loss	(66,353)	(41,110)
	(1,885)	1,459

NOTES (CONTINUED)

9 Income tax expense

	2012	2011
	GEL	GEL
Current tax	82,665	16,638
Deferred tax (Note 16)	19	323
	82,684	16,961

Income tax is calculated at 15 per cent (2011: 15 per cent) of the estimated assessable profit for the year.

Income tax expense for the year ended 31 December 2012 of GEL82,684 (2011: GEL16,961) differs from the amount that would result from applying the tax rate of 15 per cent (both 2012 and 2011) to profit before tax because, under the tax laws of Georgia, loan impairment losses are not tax-deductible.

10 Property and equipment

	Construction in progress	Other property and equipment	Total
	GEL	GEL	GEL
COST			
At 1 January 2012	-	3,849	3,849
Additions	283,621	12,194	295,815
At 31 December 2012	283,621	16,043	299,664
ACCUMULATED DEPRECIATION			
At 1 January 2012	-	550	550
Annual depreciation	-	1,496	1,496
At 31 December 2012	-	2,046	2,046
CARRYING AMOUNT			
AT 31 DECEMBER 2012	283,621	13,997	297,618

Construction in progress includes the office space purchased on 30 October 2012 for USD 160,000 (GEL 265,536). The address of this office space is 3, Gamsakhurdia Ave., Tbilisi. The MFO has finished preparation of the new office on 12 February 2013. The office space is pledged under the loan from bank (see Note 15).

NOTES (CONTINUED)

11 Loans to customers

	2012	2011
	GEL	GEL
Loans collateralized by motor vehicles	397,484	329,329
Loans collateralized by precious metals	330,238	170,849
Loans collateralized by real estate	304,953	6,829
Loans collateralized by computer and other equipment	54,054	35,303
Total loans to customers (before impairment)	**1,086,729**	**542,310**
Less: Provision for loan impairment	(73,961)	(7,869)
	1,012,768	**534,441**

Movements in the provision for loan impairment during 2012 were as follows:

	Loans collateralized by motor vehicles	Loans collateralized by precious metals	Loans collateralized by real estate	Loans collateralized by computer and other equipment	Total
	GEL	GEL	GEL	GEL	GEL
At 1 January 2012	**5,105**	**-**	**-**	**2,764**	**7,869**
Provision for impairment during the year	55,341	21,589	13,191	17,555	107,676
Amounts written off during the year as uncollectible	(33,889)	(652)	-	(7,043)	(41,584)
AT 31 DECEMBER 2012	**26,557**	**20,937**	**13,191**	**13,276**	**73,961**

At the end of each reporting period, the management assesses whether there is objective evidence of impairment of loans to customers and on the basis of this assessment, estimates the future cash flows from the financial asset (including estimated value of collateral in case the instalments made by borrower are not sufficient to repay the loan). Objective evidence of the impairment includes observable data that come to the attention about the following loss events:
(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or delinquency in interest or principal payments.

Loans collateralized by motor vehicles are initially given for the 3 months term with interest payable monthly and principal at maturity. However if the monthly interest is repaid timely, the principal repayment may be rescheduled every 3 months. Weighted average monthly interest rate on the loans outstanding as at 31 December 2012 was 6.56%.

Loans collateralized by precious metals are initially offered for 1 month terms. However if there are no past due payments, the repayment of principal may be rescheduled every 1 month. Weighted average monthly interest rate on the loans outstanding as at 31 December 2012 was 3.52%.

Loans collateralized by real estate are initially given for 5 months with interest payable monthly and principal at maturity. However if the monthly interest is paid timely, the principal repayment may be rescheduled for every 5 months. Weighted average monthly interest rate on the loans outstanding as at 31 December 2012 was 2.99%.

Loans collateralized by computer and other equipment are initially given for 15 days. However if there is no overdue payments, the repayment of principal may be rescheduled for every 15 days. Weighted average monthly interest rate on the loans outstanding as at 31 December 2012 was 20%.

NOTES (CONTINUED)

All the loans are issued in USD.

Credit quality of loans as at 31 December 2012 were as follows (the loans that are no longer being repaid by the customers and the MFO has decided to recover by selling underlying collateral are classified as bad debts):

	Loans collateralized by motor vehicles	Loans collateralized by precious metals	Loans collateralized by real estate	Loans collateralized by computer and other equipment	Total
	GEL	GEL	GEL	GEL	GEL
Loans without overdue payments	280,255	186,923	239,899	30,760	737,837
Loans with overdue payments	57,786	143,315	65,054	23,294	289,449
Bad debts	59,443	-	-	-	59,443
Total loans to customers (before impairment)	**397,484**	**330,238**	**304,953**	**54,054**	**1,086,729**
Less: Provision for loan impairment	(26,557)	(20,937)	(13,191)	(13,276)	(73,961)
TOTAL LOANS TO CUSTOMERS	**370,927**	**309,301**	**291,762**	**40,778**	**1,012,768**

12 Other assets

	2012	2011
	GEL	GEL
Receivables	10,946	-
Intangible assets, net	593	711
	11,539	**711**

Receivables include GEL 10,800 relating to insured loans to customers due from the Insurance Company Ardi Group.

Intangible assets represent the cost of accounting software of GEL 830 less accumulated amortization of GEL 237.

13 Cash and cash equivalents

	2012	2011
	GEL	GEL
Cash in hand	34,660	20,288
Cash at current bank account	10,203	453
	44,863	**20,741**

14 Owners' capital

According to the decision #4 of the MFO's sole founder Giorgi Gugumberidze dated 12 December 2011, the MFO's authorized capital was determined to be GEL 251,083 contributable in cash.

NOTES (CONTINUED)

15 Borrowings

	2012 GEL	2011 GEL
NON-CURRENT		
Long-term loan from bank	88,258	-
	88,258	-
CURRENT		
Current portion of long-term loan from bank	160,247	174,290
Loans from individuals	433,227	-
	593,474	174,290
TOTAL BORROWINGS	681,732	174,290

Loan from bank represents the GEL equivalent of loan from Bank of Georgia JSC received on 28 December 2012 in the amount of USD 150,000. The loan is secured by the office space (see Note 10) and the living space owned by Gela Gugumberidze (the sole founder's family member). Annual interest on the loan is 13% and it is repayable in equal instalments until the maturity date: 30 June 2014.

Loans from individuals as at 31 December 2012 consist of the following loans with interest payable monthly and the principal repayable on the maturity date:

	Maturity date	Annual interest rate	Amount in USD	Equivalent in GEL
Davit Lekvtadze	31 December 2013	18%	180,000	298,206
Giorgi Gugumberidze	31 December 2013	20%	50,000	82,835
Goderdzi Sharvadze	31 December 2013	20%	31,500	52,186
			261,500	433,227

16 Deferred income tax

The deferred income tax liability is the tax effect of expected future income tax benefit relating to differences between the carrying amounts and tax written down values of property and equipment. Deferred income tax liability as at 31 December 2012 and 2011 were GEL 342 and GEL 323, respectively and deferred income tax expense during the period was GEL 19.

17 Other liabilities

	2012 GEL	2011 GEL
Trade payables	8,625	30,174
Advances received	6,875	-
Taxes other than income tax payable	1,443	13
	16,943	30,187

NOTES (CONTINUED)

18 Commitments under operating leases

The MFO rents office space (31 Kazbegi street, Tbilisi) under non-cancellable operating lease agreement with maturity on 1 September 2017.

At year-end, the MFO has outstanding commitments under non-cancellable operating leases that fall due as follows:

	2012
	GEL
Within one year	9,940
Later than one year but not later than five years	36,447
Later than five years	-
TOTAL FUTURE MINIMUM LEASE PAYMENTS	46,387

19 Related party transactions

The following table illustrates the material transactions with related parties that occurred during the period concerned and outstanding balances with related parties at 31 December 2012:

	2012
	GEL
AMOUNT OF TRANSACTIONS:	
Interest expense	25,790
OUTSTANDING BALANCES:	
Borrowings	82,835

Key management compensation in 2012 was GEL 22,000.

20 Events after the end of the reporting period

The MFO received several credits up to USD 285,000 in total secured by precious metals from TBC Bank JSC (Georgia) and increased its loan portfolio using these funds.