PKF

Accountants &
business advisers

QUALIFIED CREDIT INSTITUTION MICROFINANCE ORGANIZATION RICO EXPRESS LTD

Financial Statements as at 31 December, 2014

with

Independent Auditors' Report

Qualified Credit Institution MFO Rico Express LTD
Financial Statements as at
31 December, 2014

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Statement of management's responsibilities

Management of Qualified Credit Institution MFO Rico Express LTD is responsible for accompanying financial statements of Qualified Credit Institution MFO Rico Express LTD.

This responsibility includes:

- preparation of financial statements in accordance with International Financial Reporting Standards;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent;
- preparation of the financial statements on the going concern basis, unless circumstances make this inappropriate.

Management is also responsible for:

- creation, implementation and maintaining effective internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps as are reasonably open to them to safeguard the assets of the Company; and
- prevention and detection of fraud and other irregularities.

The financial statements for the year ended 31 December, 2014 were approved by the management and signed on its behalf:

Tamar Gogodze

Director
Qualified Credit Institution MFO Rico Express LTD

Gulida Sajaia

Chief Accountant
Qualified Credit Institution MFO Rico Express LTD

Date: August 11, 2015

INDEPENDENT AUDITORS' REPORT
TO THE OWNERS OF QUALIFIED CREDIT INSTITUTION MFO RICO EXPRESS LTD

Report on the financial statements

We have audited the accompanying financial statements of Qualified Credit Institution MFO Rico Express Ltd (the "Company"), which comprise the statement of financial position as at December 31, 2014 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.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining the internal control relevant to 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 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 auditor's judgment, including the assessment of the risk of material misstatements of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 qualified audit opinion.

Basis for Qualified Opinion

We were not able to obtain sufficient relevant audit evidence whether the amounts of fair values of collaterals as disclosed in note 11 to the financial statements are free from material misstatements due to unavailability of proper documentation and the deficiencies in the process of preparation of relevant information for financial statements' disclosures.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF Georgia LLC

Date: August 11, 2015

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Qualified Credit Institution MFO Rico Express LTD
STATEMENT OF FINANCIAL POSITION
As at December 31, 2014
Amounts expressed in thousands of GEL

	Note	As at 31-Dec-14	As at 31-Dec-13	As at 31-Dec-12
ASSETS				
Cash and cash equivalents	7	23,089	23,080	20,658
Restricted cash	8	6,947	-	-
Inventories	9	26	35	468
Other receivables and advances	10	2,829	579	1,785
Loans to customers	11	156,413	107,526	84,907
Property and equipment	12	10,425	8,718	7,838
Intangible assets	13	75	100	105
Total assets		**199,804**	**140,038**	**115,761**
LIABILITIES				
Tax liabilities	14	624	1,084	24
Borrowings	15	148,903	106,002	94,981
Deferred income tax liability	16	620	678	649
Other liabilities	17	319	69	430
Total liabilities		**150,466**	**107,833**	**96,084**
EQUITY				
Charter capital	21	836	836	836
Revaluation reserve		1,001	1,045	1,088
Retained earnings		47,501	30,324	17,753
Total equity		**49,338**	**32,205**	**19,677**
Total liabilities and equity		**199,804**	**140,038**	**115,761**

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Tamar Gogodze — Gulida Sajaia
Director — Chief Accountant

Date: August 11, 2015

Qualified Credit Institution MFO Rico Express LTD
STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2014
Amounts expressed in thousands of GEL

	Note	Year 2014	Year 2013
Interest income		40,965	35,213
Interest expense	15	(13,851)	(15,006)
Net interest income		**27,114**	**20,207**
Income from currency trading		2,915	1,619
Commissions from money transferring activity		1,081	708
Income from sales of collaterals		3,908	1,485
Other income		88	33
Operating income		**35,106**	**24,052**
Administrative and general expenses	18	(7,154)	(5,817)
Loan loss expense	11	(1,602)	(744)
Cost of sales of collaterals		(6,236)	(3,066)
Net foreign exchange gain / (loss)		135	1,018
Profit before income tax		**20,249**	**15,443**
Income tax	16	(2,976)	(2,412)
NET PROFIT/(LOSS) FOR THE YEAR		**17,273**	**13,031**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		**17,273**	**13,031**

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Tamar Gogodze
Director

Gulida Sajaia
Chief Accountant

Date: August 11, 2015

Qualified Credit Institution MFO Rico Express LTD
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014
Amounts expressed in thousands of GEL
Direct Method

	Year 2014	Year 2013
Cash flows from operating activities		
Interest received from loans issued	37,056	31,772
Interest received on bank deposits	864	598
Loans Issued	(223,217)	(152,497)
Loan principal returned by customers	177,749	131,689
Cash received from money transferring activity	215,085	130,476
Cash paid for money transferring activity	(216,090)	(128,926)
Commissions received from money transferring activity	1,081	708
Commissions and fee received from other activity	4,027	3,478
Receipts from exchange trading	2,888	1,593
interest paid for loans and overdrafts	(836)	(1,190)
interest paid for promissory notes	(13,083)	(13,662)
staff costs paid	(3,935)	(3,114)
Profit tax paid	(3,420)	(1,373)
Other taxes paid	(178)	(185)
Other expenses paid	(2,249)	(2,418)
Advances paid to suppliers	(507)	-
Cash (restriction) / release from restriction	(6,947)	-
Net cash from operating activities	**(31,712)**	**(3,051)**
Cash flows from investing activities		
Acquisition of premises and equipment	(2,430)	(1,144)
Cash from sales of premises and equipment	74	5
Net cash from investing activities	**(2,356)**	**(1,139)**
Cash flows from financing activities		
Proceeds from borrowed funds	279,563	207,810
Repayment of borrowed funds	(245,344)	(201,431)
Dividends paid	(136)	(504)
Net cash from financing activities	**34,083**	**5,875**
Exchange rate difference	(6)	737
Net increase in cash and cash equivalents	**9**	**2,422**
Cash and cash equivalents at beginning of period	**23,080**	**20,658**
Cash and cash equivalents at the end of the reporting period	**23,089**	**23,080**

Tamar Gogodze
Director

Gulida Sajaia
Chief Accountant

Date: August 11, 2015

Qualified Credit Institution MFO Rico Express LTD
STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2014
Amounts expressed in thousands of GEL

	Charter capital	Revaluation Reserve	Retained Earnings	Total
Balance as at January 01, 2012	**836**	**961**	**11,015**	**12,812**
Transfer of revaluation surplus to retained earnings	-	(38)	38	**-**
Gain on revaluation	-	356	-	**356**
Loss on revaluation	-	(191)	-	**(191)**
Net profit for the year	-	-	6,887	**6,887**
Declared dividends	-	-	(187)	**(187)**
Balance as at December 31, 2012	**836**	**1,088**	**17,753**	**19,677**
Transfer of revaluation surplus to retained earnings	-	(43)	43	**-**
Gain on revaluation	-	-	-	**-**
Loss on revaluation	-	-	-	**-**
Net profit for the year	-	-	13,031	**13,031**
Declared dividends	-	-	(503)	**(503)**
Balance as at December 31, 2013	**836**	**1,045**	**30,324**	**32,205**
Transfer of revaluation surplus to retained earnings	-	(44)	44	**-**
Gain on revaluation	-	-	-	**-**
Loss on revaluation	-	-	-	**-**
Net profit for the year	-	-	17,273	**17,273**
Declared dividends	-	-	(140)	**(140)**
Balance as at December 31, 2014	**836**	**1,001**	**47,501**	**49,338**

Tamar Gogodze
Director

Gulida Sajaia
Chief Accountant

Date: August 11, 2015

1 GENERAL INFORMATION

Qualified Credit Institution MFO Rico Express LTD was founded in 2004 and registered on 1 July 2004 by Vake-saburtalo District Court. Its legal and actual address is 68-70, Chavchavadze ave., Tbilisi. As required by the Georgian legislation the Company is registered by the National Bank of Georgia (NBG) as microfinance organization on 11 April, 2007 with the registration number 80407. In accordance with NBG regulations on 26 June, 2013 the Company was also registered as qualified credit institution. The sole owner of the Company as at December 31, 2014 is Dali Urushadze.

The Company issues small and medium-sized loans to physical persons under movable and immovable property guarantee.

2 BASES OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Significant accounting policies used in the preparation of these financial statements are disclosed further in the notes.

These financial statements have been prepared on the assumption that the Company is a going concern and will continue its operations without significant negative changes in activity level during the foreseeable future.

The Company presents the statement of financial position broadly in order of liquidity. Analysis of assets and liabilities as current (to be recovered /settled within 12 months after the reporting date) and non-current (to be recovered /settled after 12 months after the reporting date) is provided in Note 19.4.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Georgian Lari (GEL), unless otherwise stated. GEL is also the functional currency of the Company.

4 OFFSETTING

Financial assets (loans and receivables) and financial liabilities (borrowings and trade payables) are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Incomes and liabilities are not offset unless required or permitted by IFRS and as specifically disclosed in the accounting policies of the Company.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and unrestricted balances in banks. Bank overdrafts, if any, are shown as borrowings on the balance sheet.

Restricted cash balances are excluded from cash and cash equivalents and presented separately as restricted cash. Restricted cash is carried at amortized cost.

5.2 Inventories

Inventories include collaterals of lombard loans (gold, diamond and silver items) acquired by the Company in settlement of overdue loans. For mortgage loans, secured by immovable properties, the Company does not have legal right to obtain legal ownership of collateral rather the Company has right to sell the collateralized property to recover the loan, interest and penalties receivable balance. The Company recognizes repossessed assets in the statement of financial position as inventory when it has the full and final settlement rights to the collateral. The related defaulted loan is derecognized simultaneously.

At initial recognition inventories of repossessed assets are measured at the amount equivalent to the balance of the respective defaulted loan receivable (including related interest and penalty receivables) at the moment of derecognition of the loan. After the initial recognition such inventories are measured at the lower of (1) the balance of the respective defaulted loan receivable (including related interest and penalty receivables) at the moment of derecognition of the loan and (2) the net realisable value, which is the estimated selling price of the collateral in the ordinary course of business, less the related selling costs. The difference between the carrying amount of the assets at the initial recognition and the net realisable value is recognized in the profit or loss.

Other inventories include also stationery and other office consumables which are recorded at their cost and written off to expenses as consumed.

5.3 Trade and other receivables

Trade receivables are initially recognized at fair value. Subsequent to initial recognition, trade receivables are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the receivables are derecognized or impaired, as well as through the amortization process.

5.4 Loans issued

Loans granted by the Company are initially recognized at fair value plus related transaction costs that directly relate to acquisition or creation of such financial assets. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

5.5 Impairment of loans and receivables

Loans and receivables are assessed of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the transaction.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

* significant financial difficulty of the borrower/debtor;

* breach of contract, such as a default or delinquency in interest or principal payments;

* it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

* observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of loans or receivables since the initial recognition of those assets, although the decrease cannot yet be identified with the individual assets in the group, including:

(i) adverse changes in the payment status of borrowers in the group, or

(ii) national or local economic conditions that correlate with defaults on the assets in the group.

Loans to customers are assessed for impairment collectively. It means that for impairment assessment purposes a loan is included in a group of loans with similar credit characteristics and assessed for impairment collectively. The primary factor for inclusion of a loan into certain group is its overdue status.

The carrying amount of the impaired asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a loan or a receivable is uncollectible, it is written off against the allowance account.

If, in a subsequent period, the amount of impairment loss decreases the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed the amortized cost that the asset would have if no impairment had been previously recognized.

5.6 Advances

Advances paid to suppliers of goods and services are initially recognized at the amount paid and are adjusted as necessary to reflect possible impairment of these advances. Advances are considered to be impaired when there is objective evidence that the Company will not be able to receive all goods or services according to the original terms of the agreements with counterparties.

Advances paid for current assets and for the services which by their nature are part of short-term operating expenses are classified as current assets. All other advances, e.g. advances paid for the acquisition of long-term assets are classified as non-current and presented in the respective section of the balance sheet.

Advances denominated in foreign currencies are presented at the exchange rates prevailing on the payment date and are not restated at the exchange rate of the balance sheet date.

5.7 Property, plant and equipment

Tangible items that are held for use in supply of services, for rental to others, or for administrative purposes and are expected to be used during more than one period are recognized in the balance sheet as property and equipment.

The Company uses different measurement methods for different groups of property, plant and equipment.

After recognition as an asset the buildings are carried at a revalued amount, being the item's fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The fair value of buildings is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers.

The frequency of revaluations depends upon the changes in fair values of the items of property and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is conducted. When an item of property and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs is revalued. Subsequent depreciation of property, plant and equipment is charged so as to write off the depreciable amount over the useful life of an asset and is calculated using a straight line method.

All other groups of property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The historical cost consists of initial costs and subsequent capitalized costs.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized 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 repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation for all groups of property and equipment is calculated using the straight-line method. Estimated useful lives by groups of assets are as follows:

Asset group	**Estimated useful life**
Buildings	25 years
Computers and Communication	5 years
Office equipment	5 years
Vehicles	5 years

Property, plant and equipment (PPE) is reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an item of PPE may not be recoverable. Whenever the carrying amount of an item of PPE accounted for using the cost model exceeds its recoverable amount (which is the higher of the asset's fair value less costs of disposal and its value in use) an impairment loss is recognized in the statement of comprehensive income. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of comprehensive income as the impairment loss.

5.8 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible asset are recognized in the balance sheet if, and only if (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and (b) the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method and amortization rate is 15 % annual.

5.9 Income taxes

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods. Income tax for the period is calculated using the current ruling tax rate, which for the reported periods equals 15% in accordance with Georgian regulatory legislation on taxation.

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Income tax expense is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements, and estimates of income tax performed by the management in accordance with Georgian regulatory legislation on taxation. According to Georgian legislation, tax losses are carried forward for 5 years.

5.10 Borrowings

Borrowings are initially recognized at the amount received net of any transaction costs directly attributable to the acquisition of loan. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

5.11 Other Liabilities

Other liabilities are recognized initially at fair value and subsequently measured at amortized cost.

5.12 Interest income and expense recognition

Interest income and expense are recorded in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Fees, commissions and other income and expense items are generally recorded on an accrual basis when the service has been provided or received.

5.13 Other incomes

Income from currency trading and commissions from money transferring activities are recognized as services are provided. Incomes from sales of appropriated collaterals (mainly gold) is recognized when collaterals are sold, i.e. when all significant risks and rewards of ownership are transferred to the buyer and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

5.14 Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling on the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of comprehensive income using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are translated into Georgian Lari at the official exchange rate of the NBG (National Bank of Georgia) at the balance sheet date. As at December 31, 2014 the principal rates of exchange used for translating foreign currency balances was:

Amounts expressed in thousands of GEL unless otherwise stated

	31-Dec-14	31-Dec-13	31-Dec-12
US Dollar (USD)	1.8636	1.7363	1.6567
Euro (EUR)	2.2656	2.3891	2.1825
United Kingdom Pound (GBP)	2.8932	2.8614	2.6653
Azerbaijan Manat (AZN)	2.3758	2.2133	2.1104
Russian Ruble (RUB)	0.0329	0.0531	0.0545
Turkish Lira (TRY)	0.8040	0.8122	0.9247
Swiss Franc (CHF)	1.8834	1.9491	1.8065
Canadian Dollar (CAD)	1.6021	1.6209	1.6655
Armenian Dram (AMD)	0.0040	0.0043	0.0041

5.15 Prior period errors and changes to presentation of disclosure notes

Prior period errors

Company corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery. Correction occurs by restating the comparative amounts for the prior period(s) presented in which the error occurred. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

During the preparation process of these financial statements management has discovered previous periods errors. These errors have been corrected retrospectively, as explained above. Errors affected the following items:

STATEMENT OF FINANCIAL POSITION	**Corrected 31-Dec-13**	**Previously presented 31-Dec-13**	**Change**
Property and equipment	8,718	9,003	(285)
Deferred income tax liability	678	721	(43)
Revaluation reserve	1,045	1,241	(196)
Retained earnings	30,324	30,370	(46)

STATEMENT OF COMPREHENSIVE INCOME	**Corrected 31-Dec-13**	**Previously presented 31-Dec-13**	**Change**
Other comprehensive income	-	52	(52)

The main reason for above disclosed prior period errors is that the carrying value of "land and buildings" was incorrectly increased by renovation expenses added twice to the balance. This then caused errors in revaluation reserve, deferred tax and retained earnings. This error also affected some disclosure notes in which values of "Land and buildings", deferred tax, revaluation reserve or retained earnings are included.

Changes to presentation of disclosure notes

During preparation of these financial statements the management decided to change presentation format of some of the disclosure notes as the management considers that such presentation provides more relevant information to the users without affecting reliability of presented information.

6 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Amounts expressed in thousands of GEL unless otherwise stated

Useful lives of property and equipment – The estimation of the useful life property and equipment is a matter of management estimate based upon experience with similar assets. In determining the useful life of an item of property, plant and equipment, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

Fair value of items of PPE accounted for using the revaluation model – Fair value of buildings, which are accounted for using the revaluation model in IAS 16 was approximated based on valuation report of professional valuers who performed valuation of these assets. Valuation itself requires use of estimates and assumptions. Thus the actual fair value of the Company's buildings may differ from the amount disclosed in these financial statements.

Fair value less costs to sell of repossessed collaterals – Fair value less costs to sell of repossessed assets is normally available from the observable information obtainable from the actual sales transactions conducted after the balance sheet date. However, in cases when the repossessed collaterals are not sold after the balance sheet date and up to the date of signature of the financial statements the estimation of the fair value less costs to sell depends on historical information and managements expectation of possible selling prices.

Loan loss expense – The Company assesses the collectability of loans and receivables based on the historical experience and the management's judgment regarding recoverability of these assets and when the management concludes the Company will not be able to collect all amounts due, the loan impairment loss is recognized. So the loan loss amount is based on the management's judgment and estimations and thus actual loss may differ from the amount recognized in these financial statements.

Taxation – The Company is primarily subject to taxation in Georgia. Georgian tax, currency and customs legislation is subject to varying interpretations. The management of the Company recognizes liabilities for anticipated additional tax assessments as a result of tax audits based on estimates of whether it is probable that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determinations are made.

7 CASH AND CASH EQUIVALENTS	**Note**	**31-Dec-14**	**31-Dec-13**	**31-Dec-12**
Cash on hand	**7.1**	16,441	9,290	8,465
Cash in bank	**7.1**	6,648	13,790	12,193
Total		**23,089**	**23,080**	**20,658**

Amounts expressed in thousands of GEL unless otherwise stated

7.1 Breakdown of cash and cash equivalents by currency	31-Dec-14	31-Dec-13	31-Dec-12
Georgian Lari (GEL)	12,235	5,780	6,145
US Dollar (USD)	5,977	15,244	12,873
Euro (EUR)	3,144	1,741	1,579
Azerbaijan Manat (AZN)	802	-	-
Russian Ruble (RUB)	588	146	30
Turkish Lira (TRY)	226	113	-
Swiss Franc (CHF)	49	27	9
Canadian Dollar (CAD)	42	3	-
Armenian Dram (AMD)	20	-	-
United Kingdom Pound (GBP)	6	26	22
Total	**23,089**	**23,080**	**20,658**

8 RESTRICTED CASH

As at December 31, 2014 restricted cash (GEL 6,947 thousand, equivalent of EUR 3,066 thousand) represents cash placed on current accounts in TBC Bank which is used as collateral for the loan from TBC Bank.

9 INVENTORY	31-Dec-14	31-Dec-13	31-Dec-12
Repossessed collateral	-	-	420
Other inventory	26	35	48
Total	**26**	**35**	**468**

10 OTHER RECEIVABLES AND ADVANCES	31-Dec-14	31-Dec-13	31-Dec-12
Money Transfer Companies	1,563	421	1,702
Trade Receivables	43	41	-
Advance payments	1,191	117	83
Other	32	-	-
Total	**2,829**	**579**	**1,785**

11 LOANS TO CUSTOMERS

The Company issues small and medium-sized loans to physical persons under movable and immovable property guarantee: there are Mortgage Loans, which are secured by the real estates, and the Lombard Loans, which are secured by jewelry, mostly the gold, diamonds and silver items. Normally, for lombard loans collaterals' assessed market value exceeds the amount of granted loan by 10% to 15%. As at December 31, 2014, market value (with Blumberg prices) of lombard loans collaterals approximately equals GEL 100 million (2013: GEL 76 million). For mortgage loans collateral market value is normally 3-4 times higher. As at December 31, 2014, market value of mortgage loans collaterals approximately equals to GEL 410 million (2013: GEL 243 million). So, the management believes that the Company's loans are adequately supported by collaterals.

Lombard loans are issued normally for 1 month (for GEL loans) or 6 month (for loans in USD and EUR) period and mortgage loans are normally issued for 35 months period.

Amounts expressed in thousands of GEL unless otherwise stated

Year 2012	Mortgage loans	Lombard loans	Total
As at 31-Dec-2011	**15,924**	**32,783**	**48,707**
Additions	52,508	96,571	**149,079**
Interest and penalties charged	7,904	18,134	**26,038**
Principal paid	(37,545)	(72,455)	**(110,000)**
Interest and penalties paid	(7,686)	(16,753)	**(24,439)**
Written off Principal	(7)	(1,885)	**(1,892)**
Written off Interest and penalties	(3)	(1,053)	**(1,056)**
FX difference	72	141	**213**
Less - allowance for impairment	(628)	(1,115)	**(1,743)**
As at 31-Dec-2012	**30,539**	**54,368**	**84,907**

Year 2013	Mortgage loans	Lombard loans	Total
As at 31-Dec-2012	**31,167**	**55,483**	**86,650**
Additions	46,485	106,233	**152,718**
Interest and penalties charged	10,373	24,155	**34,528**
Principal paid	(40,754)	(91,067)	**(131,821)**
Interest and penalties paid	(10,406)	(21,785)	**(32,191)**
Written off Principal	(208)	(2,690)	**(2,898)**
Written off Interest and penalties	(178)	(1,888)	**(2,066)**
FX difference	1,795	3,194	**4,989**
Less - allowance for impairment	(768)	(1,615)	**(2,383)**
As at 31-Dec-2013	**37,506**	**70,020**	**107,526**

Year 2014	Mortgage loans	Lombard loans	Total
As at 31-Dec-2013	**38,274**	**71,635**	**109,909**
Additions	105,202	118,020	**223,222**
Interest and penalties charged	13,895	26,176	**40,071**
Principal paid	(79,882)	(98,205)	**(178,087)**
Interest and penalties paid	(13,529)	(23,493)	**(37,022)**
Written off Principal	(89)	(3,808)	**(3,897)**
Written off Interest and penalties	(67)	(2,332)	**(2,399)**
FX difference	3,635	4,953	**8,588**
Less - allowance for impairment	(810)	(3,162)	**(3,972)**
As at 31-Dec-2014	**66,629**	**89,784**	**156,413**

As mentioned in Note 5.15 presentation of this disclosure note was different in previous year's financial statements and was changed to present more relevant information.

Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as a 31 December 2014:

Amounts expressed in thousands of GEL unless otherwise stated

Loans collectively assessed for impairment	Gross Loans	Impairment Allowance	Net Loans	Impairment allowance to gross loans, %
Not overdue	155,899	1,554	154,345	1.00%
1-30	2,235	559	1,676	25.01%
31-90	1,566	1,174	392	74.97%
91-180	637	637	-	100.00%
181-360	10	10	-	100.00%
more than 360	38	38	-	100.00%
TOTAL	**160,385**	**3,972**	**156,413**	**2.48%**

Table below shows movements in allowance for impairment:

	31-Dec-14	**31-Dec-13**	**31-Dec-12**
Balance at January 01	2,383	1,743	982
Add: Loans recognised as doubtful in the current period	1,589	640	761
Less: Loans written off as bad debts in the current period	-	-	-
Less: Doubtful loans recovered	-	-	-
Balance at December 31	**3,972**	**2,383**	**1,743**

The Company does not have individually significant loans. The balance of loans issued to top 10 borrowers is GEL 552 thousand which is 0.34% of total loan portfolio.

Key assumptions and judgments for estimating the loan impairment

Management estimates loan impairment for loans to customers based on its past historical loss experience.

The Company does not monitor individual borrowers financial strength or their incomes and the significant assumptions used by management in determining the impairment losses for loans to customers include only overdue payments under loan agreement.

Historical experience of loan losses indicates that even loans with no overdue payments at the reporting date are susceptible to losses, thus the management creates a collective provision for such loans too based on the experience.

Changes in these estimates could affect the loan impairment provision.

Amounts expressed in thousands of GEL unless otherwise stated

12 PROPERTY AND EQUIPMENT

Year 2012	Land and Buildings	Computers and Communication	Office equipment	Vehicles	Construction in progress	TOTAL
Historical Cost						
As at 31-Dec-11	**4,768**	**684**	**138**	**145**	**222**	**5,957**
Additions	1,715	313	225	322	201	**2,776**
Disposals	(3)	-	-	-	-	**(3)**
Elimination on revaluation	(222)	-	-	-	-	**(222)**
Revaluation gain	446	-	-	-	7	**453**
Revaluation loss	(429)	-	-	-	(91)	**(520)**
As at 31-Dec-12	**6,275**	**997**	**363**	**467**	**339**	**8,441**
Accumulated Depreciation						
As at 31-Dec-11	**-**	**(233)**	**(32)**	**(73)**	**-**	**(338)**
Charge for the year	(222)	(156)	(36)	(73)	-	**(487)**
Acc. Depreciation of disposals	-	-	-	-	-	**-**
Elimination on revaluation	222	-	-	-	-	**222**
As at 31-Dec-12	**-**	**(389)**	**(68)**	**(146)**	**-**	**(603)**
Net Book Value						
As at 31-Dec-11	**4,768**	**451**	**106**	**72**	**222**	**5,619**
As at 31-Dec-12	**6,275**	**608**	**295**	**321**	**339**	**7,838**

Year 2013	Land and Buildings	Computers and Communication	Office equipment	Vehicles	Construction in progress	TOTAL
Historical Cost						
As at 31-Dec-12	**6,275**	**997**	**363**	**467**	**339**	**8,441**
Additions	1,016	226	52	85	134	**1,513**
Disposals	-	-	-	(32)	-	**(32)**
Elimination on revaluation	-	-	-	-	-	**-**
Revaluation gain	-	-	-	-	-	**-**
Revaluation loss	**-**	**-**	**-**	**-**	**-**	**-**
As at 31-Dec-13	**7,291**	**1,223**	**415**	**520**	**473**	**9,922**
Accumulated Depreciation						
As at 31-Dec-12	**-**	**(389)**	**(68)**	**(146)**	**-**	**(603)**
Charge for the year	(261)	(205)	(74)	(83)	-	**(623)**
Acc. Depreciation of disposals	-	-	-	22	-	**22**
Elimination on revaluation	-	-	-	-	-	**-**
As at 31-Dec-13	**(261)**	**(594)**	**(142)**	**(207)**	**-**	**(1,204)**
Net Book Value						
As at 31-Dec-12	**6,275**	**608**	**295**	**321**	**339**	**7,838**
As at 31-Dec-13	**7,030**	**629**	**273**	**313**	**473**	**8,718**

Amounts expressed in thousands of GEL unless otherwise stated

Year 2014	**Land and Buildings**	**Computers and Communication**	**Office equipment**	**Vehicles**	**Construction in progress**	**TOTAL**
Historical Cost						
As at 31-Dec-13	**7,291**	**1,223**	**415**	**520**	**473**	**9,922**
Additions	1,249.00	572.00	60.00	394.00	211.00	**2,486**
Disposals	(8.00)	(3.00)	-	(6.00)	-	**(17)**
Transfer of CIP in Land and Buildings	473	-	-	-	(473)	**-**
Elimination on revaluation	-	-	-	-	-	**-**
Revaluation gain	-	-	-	-	-	**-**
Revaluation loss	**-**	**-**	**-**	**-**	**-**	**-**
As at 31-Dec-14	**9,005**	**1,792**	**475**	**908**	**211**	**12,391**
Accumulated Depreciation						
As at 31-Dec-13	**(261)**	**(594)**	**(142)**	**(207)**	**-**	**(1,204)**
Charge for the year	(328)	(260)	(86)	(95)	-	**(769)**
Acc. Depreciation of disposals	-	-	-	7	-	**7**
Elimination on revaluation	-	-	-	-	-	**-**
As at 31-Dec-14	**(589)**	**(854)**	**(228)**	**(295)**	**-**	**(1,966)**
Net Book Value						
As at 31-Dec-13	**7,030**	**629**	**273**	**313**	**473**	**8,718**
As at 31-Dec-14	**8,416**	**938**	**247**	**613**	**211**	**10,425**

Land and buildings of the Company are stated at revalued amount which was determined based on the valuation conducted by independent professional valuators of GREMIC LLC with the effective date of valuation being December 31, 2012. Valuation was conducted in accordance with International Valuation Standards. Combination of valuation approaches was used by the valuers:

The Market approach – establishes limits on the market value for real property by examining the prices commonly paid for properties that complete with the subject property for buyers. Sales are investigated to ensure that the parties to the transaction were typically motivated. Sale prices reflecting motivation other than that of a typical market participant, i.e. transactions of special purchasers who are willing to pay a premium for a particular property, should be eliminated;

The cost approach – establishes the value of the real property by estimating the cost of acquiring land and building a new property with equal utility or adapting an old property to the same use with no undue cost due to delay. An estimate of entrepreneurial incentive or developer's profit/loss is commonly added to land and construction costs. For older properties, the cost approach develops an estimate of depreciation including items of physical deterioration and functional obsolescence;

and

Income capitalization approach – the market value for the real property is established by income producing capacity of the real estate property. The income capitalization perceives value as created by the expectations of future benefits (income streams).

Inputs used for fair value measurement of PP&E include prices of market comparable assets derived from less active market and valuers' own adjustments and assumptions. Therefore the management considers the fair value measurement of PPE fall under level 3 of fair value hierarchy (see in note 20).

Amounts expressed in thousands of GEL unless otherwise stated

13 INTANGIBLE ASSETS

Year 2012	Computer Software	TOTAL
Historical Cost		
Balance at 31-Dec-11	**84**	**84**
Additions	69	**69**
Balance at 31-Dec-12	**153**	**153**
Accumulated Amortization		
Balance at 31-Dec-11	**(30)**	**(30)**
Charge for the period	(18)	**(18)**
Balance at 31-Dec-12	**(48)**	**(48)**
Net Book Value		
Balance at 31-Dec-11	**54**	**54**
Balance at 31-Dec-12	**105**	**105**

Year 2013	Computer Software	TOTAL
Historical Cost		
Balance at 31-Dec-12	**153**	**153**
Additions	20	**20**
Balance at 31-Dec-13	**173**	**173**
Accumulated Amortization		
Balance at 31-Dec-12	**(48)**	**(48)**
Charge for the period	(25)	**(25)**
Balance at 31-Dec-13	**(73)**	**(73)**
Net Book Value		
Balance at 31-Dec-12	**105**	**105**
Balance at 31-Dec-13	**100**	**100**

Year 2014	Computer Software	TOTAL
Historical Cost		
Balance at 31-Dec-13	**173**	**173**
Additions	1	**1**
Balance at 31-Dec-14	**174**	**174**
Accumulated Amortization		
Balance at 31-Dec-13	**(73)**	**(73)**
Charge for the period	(26)	**(26)**
Balance at 31-Dec-14	**(99)**	**(99)**
Net Book Value		
Balance at 31-Dec-13	**100**	**100**
Balance at 31-Dec-14	**75**	**75**

Amounts expressed in thousands of GEL unless otherwise stated

14 TAX LIABILITIES

	31-Dec-14	31-Dec-13	31-Dec-12
Profit tax	(626)	(1,011)	(1)
Personnel income tax	6	(61)	1
VAT	7	-	(2)
Property tax	(7)	(13)	(21)
Other taxes	(4)	1	(1)
Total	**(624)**	**(1,084)**	**(24)**

15 BORROWINGS

Year 2012	TBC Bank	Kor Standard Bank	Liberty Bank	Republic Bank	Promissory notes	Total
As at 31-Dec-2011	**-**	**-**	**1,502**	**-**	**41,696**	**43,198**
Additions	15,484	16,584	1,950	460	174,570	**209,048**
Interest charged	357	415	280	32	10,131	**11,215**
Principal paid	(2,212)	(11,130)	(3,450)	(66)	(140,899)	**(157,757)**
Interest paid	(290)	(363)	(282)	(27)	(9,507)	**(10,469)**
FX difference	1	7	-	-	(262)	**(254)**
As at 31-Dec-2012	**13,340**	**5,513**	**-**	**399**	**75,729**	**94,981**

Year 2013	TBC Bank	Kor standard Bank	Liberty Bank	Republic Bank	Promissory notes	Total
As at 31-Dec-2012	**13,340**	**5,513**	**-**	**399**	**75,729**	**94,981**
Additions	14,500	4,148	5,000	-	184,162	**207,810**
Interest charged	661	356	32	29	13,958	**15,036**
Principal paid	(26,844)	(8,305)	(5,000)	(394)	(160,888)	**(201,431)**
Interest paid	(723)	(402)	(32)	(34)	(13,726)	**(14,917)**
FX difference	71	43	-	-	4,409	**4,523**
As at 31-Dec-2013	**1,005**	**1,353**	**-**	**-**	**103,644**	**106,002**

Year 2014	TBC Bank	Kor standard Bank	Progress Bank	Republic Bank	Promissory notes	Total
As at 31-Dec-2013	**1,005**	**1,353**	**-**	**-**	**103,644**	**106,002**
Additions	28,398	4,400	3,452	-	243,313	**279,563**
Interest charged	749	226	-	-	12,863	**13,838**
Principal paid	(13,006)	(2,498)	(3,452)	-	(226,387)	**(245,343)**
Interest paid	(616)	(219)	-	-	(12,999)	**(13,834)**
FX difference	-	7	-	-	8,670	**8,677**
As at 31-Dec-2014	**16,530**	**3,269**	**-**	**-**	**129,104**	**148,903**

Loan contracts with the Company's customers allow the Company to use obtained collaterals as a collateral for the Company's own borrowings from the banks and the loans from TBC Bank and Kor Standard Bank are secured by such items.

Amounts expressed in thousands of GEL unless otherwise stated

Land and buildings with the net book value of GEL 1,142 (2013: GEL 1,181) are used as a collateral for the loan from TBC Bank. The net book value of collateral as at December 31, 2013 as presented here differs from the same item presented in 2013's financial statements because of the previous period error disclosed in Note 5.15 above.

Restricted Cash with value of GEL 6,947 (2013: GEL 0) is used as a collateral for the loan from TBC Bank.

16 DEFERRED INCOME TAX

Results arising form temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes are presented in below table:

Deferred income tax asset (liability)	**31-Dec-14**	**31-Dec-13**	**31-Dec-12**
Loans to customers	596	290	178
Inventories	-	-	25
Property and equipment	(1,462)	(1,200)	(1,063)
Intangible assets	2	-	-
Borrowings	244	232	211
Net deferred income tax asset (liability)	**(620)**	**(678)**	**(649)**
Total deferred tax assets	*842*	*522*	*414*
Total deferred tax liabilities	*(1,462)*	*(1,200)*	*(1,063)*

Loans to customers - In IFRS financial statements loans to customers are stated at the amount after deduction of bad debts and of provision for doubtful debts. However, for tax purposes recognition of impairment losses requires certain administrative and legal procedures completion of which may take significant time which results in temporary differences.

Inventories - In IFRS financial statements inventories are stated after deduction of provision for impairment which is not allowed by tax rules and thus the impairment will only be reflected in tax reporting in the period when the inventory is actually sold.

Property and equipment - Georgian tax legislation allows the Company to expense the cost of acquired items of Property and equipment (except for leasehold improvements) in the year the assets were acquired and the Company uses this method for tax purposes. Also, depreciation method and rates for taxation purposes differ from those used in IFRS financial statements and this too creates differences between taxable base of Property and equipment and their carrying amounts in IFRS balance sheet.

Intangible assets - Amortization method for taxation purposes differ from those used in IFRS financial statements and this created differences between taxable base of intangibles and their carrying amounts in IFRS balance sheet.

Borrowings - Interest payable to individuals are deductible for tax purposes on a cash basis. i.e. when paid, while in financial statements they are recognized in accordance with accruals method.

Movement in the deferred tax during the year	**31-Dec-14**	**31-Dec-13**	**31-Dec-12**
At the beginning of the year - asset (Liability)	(678)	(649)	(561)
Movement for the year – benefit / (expense)	58	(29)	(88)
At the end of the year: Asset / (Liability)	**(620)**	**(678)**	**(649)**

Amounts expressed in thousands of GEL unless otherwise stated

The change in deferred tax position during the period is included in the income statement affecting the profit tax expense figure:

Income tax expense for the year	**Year 2014**	**Year 2013**
Statutory tax expense	3,034	2,383
Effect of deferred taxation	(58)	29
Total Income tax (benefit) / expense for the year	**2,976**	**2,412**

Reconciliation of effective tax rate for the year ended 31 December:

	Year 2014	**Year 2013**
Profit before tax	20,249	15,443
Applicable tax rate	15%	15%
Theoretical tax charge	3,037	2,316
(Non taxable income)/non-deductible expenses	(61)	96
Total income tax expense	**2,976**	**2,412**

17 OTHER LIABILITIES

	31-Dec-14	**31-Dec-13**	**31-Dec-12**
Money transfer companies	38	6	197
Accounts payable	277	63	233
Salaries Payable	4	-	-
Total	**319**	**69**	**430**

18 ADMINISTRATIVE AND GENERAL EXPENSES

	Year 2014	**Year 2013**
Staff cost	3,941	3,066
Depreciation and amortization	795	648
Advertisement cost	837	376
Office rent	380	312
Legal and consulting cost	30	301
Communication and utility	332	227
Vehicles maintenance cost	120	102
Representative expenses	77	93
Tax expenses	100	91
Office equipment and stationery	97	126
Business trip expense	89	65
Security cost	106	53
Penalties	14	11
Other expenses	236	346
Total	**7,154**	**5,817**

19 RISK MANAGEMENT

19.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
The Company's maximum exposure to credit risk equals the carrying value of its cash (other than cash on hand), loans issued and receivables.

The maximum amount of the Company's credit risk as at December 31, 2014 equals GEL 173 thousand (2013: GEL 122 thousand).

The main item in the balance sheet that creates the credit risk for the Company is loans issued to customers. The Company uses various methods to manage the credit risk.

Credit risks associated with lombard loans is mainly managed by requesting collaterals for the loans. In addition the Company limits and monitors the amount of lombard loans granted to one borrower (maximum GEL 50 thousand) and there are no individual borrowers with significant balance in relation to the total lombard loans balance.

For mortgage loans the requesting person first fills the loan application which is discussed and analyzed by the credit department of the Company. If the application is accepted as eligible by the credit department, then the face-to-face interview with the customer is conducted by the Company's director and the chairman of the supervisory board. If the Company's director and the chairman of the supervisory board conclude that the credit risk for this client is at acceptable level then the property subject to mortgage is assessed and the mortgage loan is issued in the amount not exceeding 30% of the property's salvage value, which is the estimated amount which can be received selling the asset more quickly than it would be for unforced sale to independent willing buyer.

If the borrower fails to pay amounts due on time the Company personnel contacts the client via phone call or SMS and request to cover the amount.

For a lombard loan, if the borrower fails to pay for more than 30 days the Company sends official warning letter to the customer and if the borrower still fails to pay amount due for 60 days, or sometimes for 120 days, then the Company writes-off the loan and sells collateral.

For mortgage loans, the official warning letter is sent if the borrower fails to pay for more than 15 days and the letter is also published in a newspaper. Normally, the Company goes to court requesting sale of collateralized immovable property only when the loan is more than 30 days overdue. Though there are some cases, when the Company tries to re-negotiate loan terms with client to avoid selling mortgaged property. Normally, the courts satisfy the Company's request and the assets are sold to cover the amount owed by borrower to the Company, but often penalties are not covered. Court dealings may take about a year and the enforcement process may take three more months.

19.2 Currency risk

Foreign currency denominated assets and liabilities give rise to foreign exchange exposure. The management controls currency risk by issuing loans and getting financing in the same currencies.

Included in the next tables are the Company’s financial assets and financial liabilities at carrying amounts, categorized by currency (presented in GEL equivalents). Investments in non-monetary assets are not considered to give rise to any material currency risks.

Amounts expressed in thousands of GEL unless otherwise stated

December 31, 2012	GEL	USD	EUR	Other	Total
Cash and cash equivalents	6,145	12,873	1,579	61	**20,658**
Loans to customers	8,776	75,050	1,081	-	**84,907**
Other financial assets	-	403	1,391	4	**1,798**
Total	**14,921**	**88,326**	**4,051**	**65**	**107,363**
Tax liabilities	24	-	-	-	**24**
Borrowings	11,954	80,861	2,166	-	**94,981**
Other financial liabilities	274	249	2	1	**526**
Total	**12,252**	**81,110**	**2,168**	**1**	**95,531**
Currency Position	**2,669**	**7,216**	**1,883**	**64**	**11,832**

December 31, 2013	GEL	USD	EUR	Other	Total
Cash and cash equivalents	5,780	1,741	15,244	315	**23,080**
Loans to customers	8,233	98,243	1,050	-	**107,526**
Other financial assets	41	178	534	8	**761**
Total	**14,054**	**100,162**	**16,828**	**323**	**131,367**
Tax liabilities	1,084	-	-	-	**1,084**
Borrowings	7,087	97,850	1,065	-	**106,002**
Other financial liabilities	122	184	-	-	**306**
Total	**8,293**	**98,034**	**1,065**	**-**	**107,392**
Currency Position	**5,761**	**2,128**	**15,763**	**323**	**23,975**

December 31, 2014	GEL	USD	EUR	Other	Total
Cash and cash equivalents	12,235	5,977	3,144	1,733	**23,089**
Restricted cash	-	-	6,947	-	**6,947**
Loans to customers	21,763	132,938	1,712	-	**156,413**
Other financial assets	1,032	486	1,337	110	**2,965**
Total	**35,030**	**139,401**	**13,140**	**1,843**	**189,414**
Tax liabilities	624	-	-	-	**624**
Borrowings	23,599	123,879	1,425	-	**148,903**
Other financial liabilities	329	324	5	-	**658**
Total	**24,552**	**124,203**	**1,430**	**-**	**150,185**
Currency Position	**10,478**	**15,198**	**11,710**	**1,843**	**39,229**

	USD	EUR	Other
Increase in currency rate in %	**25.00%**	**15.00%**	**15.00%**
Effect on profit	**3,230**	**1,493**	**235**
Increase in currency rate in %	**-25.00%**	**-15.00%**	**-15.00%**
Effect on profit	**(3,230)**	**(1,493)**	**(235)**

Amounts expressed in thousands of GEL unless otherwise stated

We present analysis of effects of changes in currency rates for different variations for USD and for other currencies because actual exchange rate changes after the reporting date up to the financial statement signature date were approximately the same as used by us in this analysis. See note 24 for actual exchange rate changes after the reporting date.

As the above table shows the company is exposed mainly to currency risk arising from possible changes of USD/GEL and EUR/GEL exchange rates.

19.3 Interest rate risk

Interest rate risk is the risk that market interest rate fluctuations will adversely affect Company's financial position or its financial results.

All loans issued to customers are with fixed interest rates. The Company has significant interest-bearing liabilities which also have fixed interest rates and for most of these liabilities the interest rate is set by the Company, thus the management believes the Company has no significant exposure to the risk of market interest rate changes.

19.4 Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The matching and or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The Company has no formal written liquidity policy document but in practice liquidity policies are defined and controlled by the Supervisory Board.

The tables below show the Company's financial assets and financial liabilities as at 31 December of respective year by their remaining contractual maturity.

December 31, 2012	Up to 1 Year	1 to 5 Years	More than 5 years	No stated maturity	Total
Cash and cash equivalents	20,658	-	-	-	**20,658**
Loans to customers	66,882	43,549	-	-	**110,431**
Other financial assets	1,798	-	-	-	**1,798**
Total	**89,338**	**43,549**	**-**	**-**	**132,887**
Tax liabilities	24	-	-	-	**24**
Borrowings	107,466	471	-	-	**107,937**
Other financial liabilities	526	-	-	-	**526**
Total	**108,016**	**471**	**-**	**-**	**108,487**
Liquidity gap	**(18,678)**	**43,078**	**-**	**-**	**24,400**

December 31, 2013	Up to 1 Year	1 to 5 Years	More than 5 years	No stated maturity	Total
Cash and cash equivalents	23,080	-	-	-	**23,080**
Loans to customers	82,991	50,660	-	-	**133,651**
Other financial assets	761	-	-	-	**761**
Total	**106,832**	**50,660**	**-**	**-**	**157,492**
Tax liabilities	1,084	-	-	-	**1,084**
Borrowings	117,476	2,011	-	-	**119,487**
Other financial liabilities	306	-	-	-	**306**
Total	**118,866**	**2,011**	**-**	**-**	**120,877**
Liquidity gap	**(12,034)**	**48,649**	**-**	**-**	**36,615**

Amounts expressed in thousands of GEL unless otherwise stated

December 31, 2014	Up to 1 Year	1 to 5 Years	More than 5 years	No stated maturity	Total
Cash and cash equivalents	23,089	-	-	-	**23,089**
Restricted cash	6,947	-	-	-	**6,947**
Loans to customers	109,128	87,085	-	-	**196,213**
Other financial assets	2,965	-	-	-	**2,965**
Total	**142,129**	**87,085**	**-**	**-**	**229,214**
Tax liabilities	624	-	-	-	**624**
Borrowings	143,987	13,944	-	-	**157,931**
Other financial liabilities	658	-	-	-	**658**
Total	**145,269**	**13,944**	**-**	**-**	**159,213**
Liquidity gap	**(3,140)**	**73,141**	**-**	**-**	**70,001**

The negative liquidity gap in the short-term perspective ("Up to 1 year") is due to high balance of promissory notes which according to the contractual terms are payable within one year, however actual practice shows that more than 90% of notes holders re-invest their funds in the same instruments and thus the management is convinced that the Company will meet all future cash flow obligations.

As mentioned in Note 5.15 presentation of this disclosure note was different in previous year's financial statements and was changed to present more relevant information.

20 FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

The estimated fair values of all financial instruments approximate their carrying values. The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

The following assumptions are used by management to estimate the fair values of financial instruments:

a) discount rates of 18-24% are used for discounting future cash flows from loans to customers;

b) discount rates of 7-18% are used for discounting future cash flows from borrowings.

As at reporting date the Company does not have any financial instruments for which fair value is based on valuation techniques involving the use of non-market observable inputs.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 inputs other than quoted prices included within Level 1 that are observable either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at the reporting date the Company has no financial instruments presented in the balance sheet at their fair values.

21 CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;

- to comply with externally imposed capital requirements set by National Bank of Georgia, and

- to provide an adequate return to shareholders by pricing its services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, increase capital by shareholders' contributions, or sell assets to reduce debt. Capital, which the Company manages, comprises all components of equity (i.e. charter capital, retained earnings, revaluation reserve).

The National Bank of Georgia sets capital adequacy requirements for micro financial organizations. As required by the NBG, minimum amount of share capital for micro financial organization must be GEL 250 thousand fully paid in cash. As at December 31, 2014 charter capital of Rico Express LTD is GEL 836 thousand so the Company satisfies the minimum capital requirement. The National Bank of Georgia (regulator) requires also leverage ratio (total equity to total assets) to be at least 20%. As at December 31, 2014 the leverage ratio is 25% (2013: 23%). There are also other ratio requirements set by NBG for the Company. As at the reporting date all such ratios are satisfied.

22 GOING CONCERN CONSIDERATIONS

At the end of reporting period, management of the Company considers the Company's ability to continue as a going concern, in order to ensure that presentation of financial statements based on a going concern assumption is relevant in the circumstances. The management is convinced that the Company's functionality as going concern is not threatened and they don't have any plans for company liquidation or significant restriction of its activity.

Amounts expressed in thousands of GEL unless otherwise stated

23 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the normal course of business the Company enters into transactions with related parties. The details of the related party transactions and balances for the financial period reported are provided below:

Balances with related parties	31-Dec-14	31-Dec-13	31-Dec-12
Loans to:			
Management	157	119	74
Shareholders	43	43	-
Other Related parties	443	269	138
Total loans to related parties	**643**	**431**	**212**
Promissory notes from:			
Management	1,759	1,908	2,541
Shareholders	-	-	-
Other Related parties	459	312	303
Total promissory notes from related parties	**2,218**	**2,220**	**2,844**
Interest receivables from loans:			
Management	1	1	1
Shareholders	-	-	-
Other Related parties	4	2	1
Total Interest receivables from loans	**5**	**3**	**2**
Interest payables on promissory notes:			
Management	3	2	5
Shareholders	-	-	-
Other Related parties	6	5	3
Total interest payables on promissory notes	**9**	**7**	**8**

Transactions with related parties	Year 2014	Year 2013
Interest accrued on loans:		
Management	24	17
Shareholders	4	-
Other Related parties	77	52
Total interest accrued on loans	**105**	**69**
Interest accrued on promissory notes:		
Management	180	372
Shareholders	-	-
Other Related parties	39	38
Total interest accrued on promissory notes	**219**	**410**

Amounts expressed in thousands of GEL unless otherwise stated

Transactions with related parties	Year 2014	Year 2013
Salary Accrued:		
Management	859	715
Shareholders	-	-
Other Related parties	-	-
Total Salary Accrued	**859**	**715**

24 EVENTS AFTER THE REPORTING PERIOD

After balance sheet date there were rapid decline of exchange rate of GEL. Below are the exchange rates at the balance sheet date and signature date:

	10-Aug-15	31-Dec-14	Change Increase / (Decrease)
US Dollar (USD)	2.3058	1.8636	24%
Euro (EUR)	2.5191	2.2656	11%
United Kingdom Pound (GBP)	3.5781	2.8932	24%
Azerbaijan Manat (AZN)	2.2076	2.3758	-7%
Russian Ruble (RUB)	0.0360	0.0329	9%
Turkish Lira (TRY)	0.8284	0.8040	3%
Swiss Franc (CHF)	2.3452	1.8834	25%
Canadian Dollar (CAD)	1.7592	1.6021	10%
Armenian Dram (AMD)	0.0048	0.0040	22%

There have been no other after reporting period events that require any additional adjustments or disclosures in these financial statements.

25 CONTINGENCIES AND COMMITMENTS

25.1 Taxation

Georgian tax, currency and customs legislation is subject to varying interpretations and changes that can occur frequently. The relevant regional and state authorities may challenge management's interpretation of such legislations, transactions applied and the Company's activities. It is suggested that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, additional taxes, penalties and interest may be assessed.

25.2 Legal proceedings

In the normal course of business the company is involved in the legal proceedings with clients who have violated terms of the agreement. At the balance sheet date there were sixteen active legal proceedings for GEL 428 thousand related to seizure of collateral for overdue loan. After the reporting date five proceedings were finalized and the Company received GEL 97 thousand. At the financial statements signature date there are eleven active legal proceeding for GEL 321 thousand. Management believes that the ultimate result of all these litigations will not have a material adverse effect on the financial condition or the results of future operations.