MICROFINANCE ORGANIZATION
BONACO
LIMITED LIABILITY COMPANY

FINANCIAL STATEMENTSANDAUDIT REPORT

31 DECEMBER 2014

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Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2014

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 Bonaco 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 2014, 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 2014 were authorized for issue on 19 October 2015 by the Management Board.

Tamar Darakhvelidze Director	Shorena Mindiashvili Accountant

INDEPENDENT AUDITOR'S REPORT

To the Owner and Management of Microfinance Organization
Bonaco Limited Liability Company

We have audited the accompanying financial statements of Microfinance Organization Bonaco Limited Liability Company (the "MFO"), which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive loss, 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: designing, implementing and 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 opinion on the Financial Statements.

RSM Capto
Connected for Success

Basis for Qualification

We could not satisfy ourselves as to the amounts of deferred tax assets included in the MFO's balance sheets as of 31 December 2014 and 2013 as disclosed in Note 14. In addition, we could not satisfy ourselves as to the amounts of accrued fines of GEL 419,554 as of 31 December 2014.

We did not observe the counting of the physical cash in hand and precious metals as of 31 December 2014, since that date was prior to the time we were initially engaged as auditors for the Company. Thus were not able to obtain adequate assurance regarding the quantities or condition of cash in hand of GEL 750,863 and precious metals of GEL 103,647, appearing in the MFO's balance sheet at 31 December 2014.

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 at31 December 2014 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.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the fact that the MFO had the accumulated deficit of GEL 1,115,525 as of 31 December 2014. The accompanying Financial Statements had been prepared on an assumption that the MFO will continue as a going concern.

RSM Capto

19 October 2015

STATEMENT OF COMPREHENSIVE LOSS

	Notes	2014 GEL	2013 GEL
Interest income	4	1,303,641	457,410
Interest expense	4	(1,111,699)	(492,484)
Net interest income (loss)	4	**191,942**	**(35,074)**
Loan impairment losses	9	(162,985)	(199,870)
Net Interest income (loss) after loan impairment losses		**28,957**	**(234,944)**
Income from fines	5	621,286	97,681
Net gain from currency trading		210,733	136,335
Operating expenses	6	(1,013,134)	(511,611)
Other income		30,199	41,064
Net foreign exchange translation loss		(163,782)	(66,584)
Loss before tax		**(285,741)**	**(538,059)**
Income tax	7	78,277	21,713
LOSS FOR THE YEAR		**(207,464)**	**(516,346)**
Items of other comprehensive income (loss)		-	-
Other comprehensive income (loss)		**-**	**-**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(207,464)**	**(516,346)**

Approved for issue and signed on behalf of the Management Board on 19 October2015.

Tamar Darakhvelidze
Director

Shorena Mindiashvili
Accountant

STATEMENT OF FINANCIAL POSITION

	Notes	2014 GEL	2013 GEL
ASSETS			
Property and equipment	10	2,442,814	576,982
Loans to customers	9	7,223,243	2,263,372
Net receivable from money transfer services		98,777	56,566
Deferred tax asset	14	444,122	85,971
Other assets		27,805	13,295
Cash and cash equivalents	8	1,060,450	1,344,037
TOTAL ASSETS		**11,297,211**	**4,340,223**
EQUITY			
Owner's capital	11	1,450,000	250,000
Accumulated deficit		(1,115,525)	(908,061)
TOTAL EQUITY		**334,475**	**(658,061)**
LIABILITIES			
Borrowings	13	10,554,810	4,861,684
Deferred tax liability	14	366,423	86,548
Other liabilities		41,503	50,052
TOTAL LIABILITIES		**10,962,736**	**4,998,284**
TOTAL LIABILITIES AND EQUITY		**11,297,211**	**4,340,223**

Approved for issue and signed on behalf of the Management Board on 19 October 2015.

Tamar Darakhvelidze
Director

Shorena Mindiashvili
Accountant

STATEMENT OF CHANGES IN EQUITY

	Owner's Capital	Accumulated Deficit	TOTAL
	GEL	GEL	GEL
Balance at 1 January 2013	250,000	(391,715)	(141,715)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	(516,346)	(516,346)
Balance at 31 December 2013	**250,000**	**(908,061)**	**(658,061)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	(207,464)	(207,464)
Contribution	1,200,000	-	1,200,000
BALANCE AT 31 DECEMBER 2014	**1,450,000**	**(1,115,525)**	**334,475**

Approved for issue and signed on behalf of the Management Board on 19 October 2015.

Tamar Darakhvelidze
Director

Shorena Mindiashvili
Accountant

STATEMENT OF CASH FLOWS

	Notes	2014 GEL	2013 GEL
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(285,741)	(538,059)
Adjustments for:			
Depreciation and amortization	6	84,539	32,391
Write-off of property and equipment	10	24,551	265
Changes in operating assets and liabilities:			
Increase in loans to customers		(4,959,871)	(1,647,647)
Increase in net receivable from money transfer services		(42,211)	(50,292)
(Increase) decrease in other assets		(14,510)	12,570
(Decrease) increase in other liabilities		(8,549)	23,774
Cash used in operations		**(5,201,792)**	**(2,166,998)**
Income tax paid		-	-
Net cash used in operating activities		**(5,201,792)**	**(2,166,998)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	10	(1,974,921)	(461,044)
Net cash used in investing activities		**(1,974,921)**	**(461,044)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in borrowings		5,693,126	3,622,958
Net increase in owner's capital		1,200,000	-
Net cash generated by financing activities		**6,893,126**	**3,622,958**
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(283,587)**	**994,916**
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At start of year		1,344,037	349,121
(Decrease) Increase		(283,587)	994,916
AT END OF YEAR	**8**	**1,060,450**	**1,344,037**

Approved for issue and signed on behalf of the Management Board on 19 October 2015.

Tamar Darakhvelidze
Director

Shorena Mindiashvili
Accountant

NOTES

1 General information

Microfinance Organization Bonaco Limited Liability Company (the "MFO") is domiciled in and registered under the laws of Georgia (the date of incorporation: 11/01/2010). The address of its office isBerbuti str. #10, Tbilisi, Georgia. The MFO operates as lending organization offering micro loans (up to GEL 50,000 per borrower) collateralized by real estate and Precious Metals. It was registered as microfinance organization by the National Bank of Georgia (the "NBG") on November 19, 2010.Since 2012 the sole owner of the MFO is Lasha Amaghlobeli.

As at 31 December 2014 the MFO employed total staff of 61 employees(2013: 33).

These financial statements were approved for issue by the management on 19 October 2015.

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.

The financial statements of the previous year were prepared in accordance with the accounting principles set by the Georgian tax code. The statement of financial position at 1 January 2013 and the statement of comprehensive income for the year ended 31 December 2013 have been restated in accordance with the transition procedures set out in the IFRS for SMEs. A description of the nature of each change in accounting policy and reconciliations are set out in Note 12.

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 recognized, after borrower's breach the terms of the agreement.

NOTES (CONTINUED)

(c) Gain/loss gain from currency trading

The gain/loss from currency trading is measured as difference between the exchange rate used in trading and official exchange rate of the National Bank of Georgia at the date of the transaction and recognized as a result of the transaction.

(d) 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 MFO 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 MFO 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 ("NBG") 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 NBG	
	USD	EUR
Exchange rate as at 31 December 2014	1.86	2.27
Exchange rate as at 31 December 2013	1.74	2.39
Average rate for the year ended 31 December 2014	1.77	2.35
Average rate for the year ended 31 December 2013	1.66	2.21

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)

Owner's capital and dividends payable

Owner's capital is determined by the decision of the 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. 5% annual rate is used for the depreciation of office space, vehicles – 8%, computer equipment and other equipment – 20%.

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 9.

4 Net interest income

	2014	2013
	GEL	GEL
Interest income from loans collateralized by real estate	643,804	74,900
Interest income from loans collateralized by precious metal	606,167	365,196
Interest income from unsecured loans	53,670	17,314
	1,303,641	**457,410**
Interest expense on loans from banks	(239,261)	(136,852)
Interest expense on loans from individuals(promissory notes)	(872,438)	(355,632)
NET INTEREST INCOME	**191,942**	**(35,074)**

5 Income from fines

	2014	2013
	GEL	GEL
Interest income from loans collateralized by precious metal	405,601	85,832
Income from fines on loans collateralized by real estate	215,685	11,849
	621,286	**97,681**

NOTES (CONTINUED)

6 Operating expenses

	2014	2013
	GEL	GEL
Salaries	614,625	281,553
Depreciation and amortization	84,539	32,391
Insurance and consultation	15,928	18,600
Advertising	13,102	8,387
Rent and utilities	139,220	78,323
Repairing	16,971	5,764
Communication and Fuel	28,609	22,119
Stationary and Security	17,998	9,466
Business trip	8,291	-
Other operating expenses	73,851	55,008
	1,013,134	511,611

7 Income taxes

	2014	2013
	GEL	GEL
Current tax	-	-
Deferred tax (Note 14)	78,277	21,713
	78,277	21,713

Income tax is calculated at 15 per cent (2013: 15 per cent) of the estimated assessable profit for the year.

8 Cash and cash equivalents

	2014	2013
	GEL	GEL
Cash at bank	205,940	655,454
Cash in hand	750,863	641,774
Precious metals	103,647	46,809
	1,060,450	1,344,037

NOTES (CONTINUED)

9 Loans to customers

	2014	2013
	GEL	GEL
Loans collateralized by real estate	4,006,957	580,399
Loans collateralized by precious metal	2,257,939	1,609,858
Unsecured loans	363,895	315,678
Total loans to customers (before impairment provision)	**7,628,791**	**2,505,935**
Less: Provision for loan impairment	(405,548)	(242,563)
	7,223,243	**2,263,372**

Movements in the provision for loan impairment during 2014 were as follows:

	Loans collateralized by real estate	Loans collateralized by precious metal	Unsecured loans	Total
	GEL	GEL	GEL	GEL
At 1 January 2014	**129,180**	**9,205**	**104,178**	**242,563**
Provision for impairment during the year	111,120	51,865	-	162,985
AT 31 DECEMBER 2014	**240,300**	**61,070**	**104,178**	**405,548**

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 real estate have short or long terms. Short term loans initially are given for twelve month with interest payable monthly and principal at maturity. However if the monthly interest is paid timely, the principal repayment may be rescheduled for every twelve months.

Long term loans are given from up to one year principal and interest payable monthly.

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.

Major part of uncollateralized loans is given to related parties.

All the loans are issued in USD and GEL.

NOTES (CONTINUED)

10Property and equipment

	Office space	Vehicles	Computer equipment	Other equipment	Total
	GEL	GEL	GEL	GEL	GEL
COST					
At 1 January 2013	**91,201**	**8,260**	**28,747**	**50,246**	**178,454**
Additions	327,224	20,655	54,453	58,712	461,044
Disposals	-	-	(265)	-	(265)
At 31 December 2013	**418,425**	**28,915**	**82,935**	**108,958**	**639,233**
Additions	1,731,648	59,822	69,504	113,947	1,974,921
Write off	-	-	(1,140)	(23,411)	(24,551)
At 31 December 2014	**2,150,073**	**88,737**	**151,299**	**199,494**	**2,589,603**
ACCUMULATED DEPRECIATION					
At 1 January 2013	**912**	**551**	**9,519**	**18,878**	**29,860**
Annual depreciation	8,818	1,349	9,601	12,623	32,391
Disposals	-	-	-	-	-
At 31 December 2013	**9,730**	**1,900**	**19,120**	**31,501**	**62,251**
Annual depreciation	36,770	5,611	22,316	27,554	92,251
Write off				(7,713)	(7,713)
At 31 December 2014	**46,500**	**7,511**	**41,436**	**51,342**	**146,789**
CARRYING AMOUNT					
AT 31 DECEMBER 2013	**408,695**	**27,015**	**63,815**	**77,457**	**576,982**
AT 31 DECEMBER 2014	**2,103,573**	**81,226**	**109,863**	**148,152**	**2,442,814**

Office space includes nine buildings where MFO's branches are located. Five from them are pledged under the loan from bank (see Note 17).

11Capital

According to the partner's decision of the MFO's previous owner Tamaz Pertaia and current owner Lasha Amaglobeli dated 18 November 2010, the MFO's authorized capital was set at GEL 250,000.It was fully paid in 17 November 2010 by a wire transfer of GEL 250,000. From March 2012 Lasha Amaglobeli has become the sole owner of MFO. On 24 December 2014 MFO's capital has increased about GEL 1,200,000 by the partner's decision #4.

12 Restatement of equity

The MFO's financial statements for the year ended 31 December 2014 are its first annual financial statements prepared in accordance with the IFRS for SMEs. The MFO's transition date is 1 January 2013 and its opening IFRS for SMEs statement of financial position was prepared at that date. This note explains the principal adjustments made by the Company in restating its statement of financial position as at 1 January 2013.

NOTES (CONTINUED)

Restatement of the MFO's financial position as at 1 January 2013 (date of transition to IFRS for SMEs):

	Georgian Tax Code	Remeasurement	IFRS for SMEs
	GEL	GEL	GEL
Property and equipment	148,594	-	148,594
Loans to customers	758,273	(142,549)	615,724
Net receivable from money transfer services	6,274	-	6,274
Inventory	46,876	(46,876)	-
Other assets	158,596	(132,731)	25,865
Cash and cash equivalents	302,245	46,876	349,121
TOTAL ASSETS	**1,420,858**	**(275,280)**	**1,145,578**
Capital	250,000	-	250,000
Retained earnings	(96,909)	(294,806)	(391,715)
TOTAL EQUITY	**153,091**	**(294,806)**	**(141,715)**
Borrowings	1,238,726	-	1,238,726
Deferred tax liability	2,763	19,526	22,289
Other liabilities	26,278	-	26,278
TOTAL LIABILITIES	**1,267,767**	**19,526**	**1,287,293**
TOTAL LIABILITIES AND EQUITY	**1,420,858**	**(275,280)**	**1,145,578**

To comply with the IFRS for SMEs, the following changes in accounting policy have been made and applied retrospectively:

Impairment loss for loans and other assets

The MFO had not been recognising impairment losses for loans and other assets (amounts receivable from former employee) in its financial statements. Under IFRS for SMEs, related loans and receivables which had indication of impairment were re-measured in accordance of IFRS for SMEs. The resulting change in the loans balances was charged to the opening retained earnings as at 1 January 2013.

NOTES (CONTINUED)

Deferred taxes

The MFO accounted for deferred taxes in accordance with the applicable provisions of local tax legislation. Under IFRS for SMEs, the related deferred tax balances were re-measured in accordance with the requirements of IFRS for SMEs. The resulting change in the deferred tax balances was charged to the opening retained earnings as at 1 January 2013.

Cash and cash equivalents

Collateral gold for impaired loans were classified as inventory by MFO. As at 1 January 2013, gold was reclassified as cash and cash equivalents.

13 Borrowings

	2014	2013
	GEL	GEL
Loan from TBC Bank	2,160,730	1,544,357
Loans from individuals (Promissory notes)	8,394,080	3,317,327
NET BALANCE	**10,554,810**	**4,861,684**

TBC Bank loan is the credit line with the limit of USD 4,000,000. Its interest is payable monthly and the principal is repayable on the maturity date. The loan is secured by the precious metals pledged under the loans to customers (see Note 9).

Loans from individuals as at 31 December 2014 consist of blank loans with interest payable monthly at 15% to 20% annual rate and the principals repayable on the maturity dates within one year.

14 Deferred taxes

The following table illustrates the deferred tax balances recognized in the statement of financial position:

	2014	2013
	GEL	GEL
Deferred tax asset	444,122	85,971
Deferred tax liability	(366,423)	(86,548)
NET BALANCE	**77,699**	**(577)**

Management believes that the MFO will be capable to generate enough taxable profits to realize the deferred tax assets recognized at 31 December 2014 and 2013.

NOTES (CONTINUED)

The tables below illustrate, in respect of each type of temporary difference, the movements of deferred tax assets and liabilities recognised in the period.

	Recognised in		
DEFERRED TAX ASSETS	**OTHER COMPREHENSIVE INCOME**	**PROFIT OR LOSS**	**TOTAL**
AS AT 1 JANUARY 2013	-	-	-
Borrowings	-	1,069	1,069
Tax loss carry – forward	-	84,902	84,902
AS AT 31 DECEMBER 2013	-	**85,971**	**85,971**
Borrowings	-	1,549	1,549
Other assets	-	24,378	24,378
Tax loss carry – forward	-	332,224	332,224
AS AT 31 DECEMBER 2014	-	**444,122**	**444,122**

	Recognised in		
DEFERRED TAX LIABILITIES	**OTHER COMPREHENSIVE INCOME**	**PROFIT OR LOSS**	**TOTAL**
AS AT 1 JANUARY 2013	-	**22,290**	**22,290**
Property and equipment	-	64,258	65,258
AS AT 31 DECEMBER 2013	-	**86,548**	**86,548**
Property and equipment	-	279,875	279,875
AS AT 31 DECEMBER 2014	-	**366,423**	**366,423**

15 Commitments under operating leases

The MFO rents four office spaces for branches under non-cancellable operating lease agreement.

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

	2014	2013
	GEL	GEL
Within one year	82,363	104,403
Later than one year but not later than five years	105,000	187,363
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**187,363**	**291,766**

NOTES (CONTINUED)

16 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 2014:

	2014	2013
	GEL	GEL
AMOUNT OF TRANSACTIONS:		
Interest Income	40,087	16,008
Interest expense	111	282
OUTSTANDING BALANCES:		
Loans to customers	258,736	199,356
Borrowings	9,318	6696

Key management compensation in 2014 was GEL 123,285(2013: GEL 68,687).

17 Events after the end of the reporting period

On 27 January 2015 MFO has signed loan agreement with VTB BANK GEORGIA JSC. The credit line limit is USD 10,000,000. The loan is secured by the five office space, where MFO's branches are located (see Note 10)