



**REPORT OF BAKER TILLY GEORGIA LTD TO
TBILAVIAMSHENI LLC AND ITS SUBSIDIARY**

**Consolidated Financial Statements and
Independent Auditor's Report thereon
As at 31 December 2005**



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INDEPENDENT AUDITOR'S REPORT

To the Owners and Board of Directors of Tbilaviamsheni LLC:

We have audited the accompanying consolidated balance sheet of Tbilaviamsheni LLC and its subsidiary (collectively - the "Group") as at 31 December 2005 and the related consolidated statements of income, cash flows and changes in shareholder's equity for the year then ended. These financial statements are the responsibility of the management of the Group. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2005 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards .

Baker Tilly Georgia Ltd

13 October, 2006
Tbilisi, Georgia

CONSOLIDATED BALANCE SHEET

		31.12.05	31.12.04
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment, net	Note 5	112 384	116 409
Intangible assets, net		847	1 060
Investments in associates	Note 6	4 605	3 518
Deferred tax asset	Note 18	2 999	5 118
Advances to suppliers		4 057	-
Total non-current assets		124 892	126 105
<i>Current assets</i>			
Inventories	Note 7	32 159	31 247
Trade and other receivables	Note 8	6 862	44 059
Advances to suppliers	Note 9	6 182	4 792
Cash and cash equivalents	Note 10	4 298	5 423
Total current assets		49 501	85 521
TOTAL ASSETS		174 393	211 626
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Equity</i>			
Share capital		50	50
Retained earnings / (accumulated deficit)		23 552	17 993
Equity Attributable to the Equity Holders		23 602	18 043
Minority interest		10 935	13 583
Total equity		34 537	31 626
<i>Long-term liabilities</i>			
Long-term borrowings	Note 14	2 362	2 070
Total long-term liabilities		2 362	2 070
<i>Current liabilities</i>			
Trade and other payables	Note 11	67 553	123 476
Taxes payable	Note 12	12 869	10 608
Short-term borrowings	Note 13	36 657	26 754
Deferred tax liability	Note 18	19 413	16 798
Current portion of long-term borrowings	Note 14	1 002	294
Total current liabilities		137 494	177 930
TOTAL LIABILITIES AND EQUITY		174 393	211 626

The financial statements were approved by the Management board on October 13, 2006 and signed on its behalf



Director

Chief Accountant

