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**“INTERNATIONAL INSURANCE
COMPANY KAMARA” JSC**

**Financial Statements and
Independent Auditors’ Report**

For the year ended December 31, 2017

“INTERNATIONAL INSURANCE COMPANY KAMARA” JSC

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Management is responsible for the preparation of the financial statements that present fairly the financial position of International insurance company Kamara JSC (the "Company") at 31 December 2017 and the results of its operations, cash flows, and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

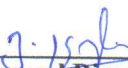
- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company 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 Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Company operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended 31 December 2017 were approved by management on 13 April 2018.

On behalf of the Management Board:


General Director




Finance Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of International Insurance Company Kamara Joint Stock Company:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of International insurance company Kamara JSC (the "Company"), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Shota Talavadze.

On behalf of Nexia TA LLC
13 April 2018



INTERNATIONAL INSURANCE COMPANY KAMARA JSC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(In Thousand Georgian Lari)

	Notes	December 31, 2017	December 31, 2016 (Restated)	January 1, 2016
Long-term Assets				
Property, Plant and Equipment	5	33	42	36
Intangible assets	7	58	67	-
Investment property	6	-	95	99
Total Long-term Assets		91	204	135
Short-term Assets				
Amounts due from credit institutions	3	2,775	2,645	985
Cash and Cash Equivalents	4	127	259	269
Accounts Receivable		5	18	769
Prepayment	13	42	15	-
Reinsurance Assets	14	8	-	-
Insurance Receivable	9	13	32	-
Deferred Acquisition Costs	11	31	17	8
Deferred Tax Assets	8	91	65	53
Tax asset		4	-	-
Total Short-term Assets		3,096	3,051	2,084
Total Assets		3,187	3,255	2,219
Short-term Liabilities				
Insurance contracts liabilities	12	191	95	149
Accounts Payable	10	244	247	70
Total Short-term Liabilities		435	342	219
Total Liabilities		435	342	219
Equity				
Share capital	15	3,656	3,609	2,609
Retained Earnings		(904)	(696)	(609)
Total Equity		2,752	2,913	2,000
Total Liabilities and Equity		3,187	3,255	2,219

On behalf of the Management:


General Director




Finance Director

April 13, 2018
Tbilisi, Georgia

April 13, 2018
Tbilisi, Georgia

Notes of the financial statements on pages from 8 to 23 are an integral part of this report.

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2017
(In Thousand Georgian Lari)

	Notes	2017	2016 (Restated)
Gross premiums		531	274
Premiums ceded to reinsurers		(11)	-
Net premiums	16	520	274
Interest income	17	108	17
Income received by regression	18	50	58
Other income	23	15	9
Total revenue		693	358
Net change in insurance contracts liabilities	19	(31)	107
Gross benefits and claims paid	22	(53)	(203)
Net benefits and claims		(84)	(96)
Commission expenses	20	(125)	(60)
General and Administrative Expenses	21	(613)	(468)
Other expenses	24	(54)	(40)
F/X Effect on Foreign Currency	25	(52)	207
Profit before tax		(235)	(99)
Income tax expense		27	12
Net profit/(loss) for the year		(208)	(87)

On behalf of the Management:


 General Director



April 13, 2018
 Tbilisi, Georgia


 Finance Director

April 13, 2018
 Tbilisi, Georgia

Notes of the financial statements on pages from 8 to 23 are an integral part of this report.

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2017
(In Thousand Georgian Lari)

(Restated)	Share capital	Additional paid-in capital	Retained Earnings	Total
31 December 2015	2,500	109	(609)	2,000
Issue of share capital	1,000	-	-	1,000
Profit for the year	-	-	(87)	(87)
31 December 2016	3,500	109	(696)	2,913
Issue of share capital	150	-	-	150
Taken out contribution from equity	-	(103)	-	(103)
Profit for the year	-	-	(208)	(208)
31 December 2017	3,650	6	(904)	2,752


General Director



April 13, 2018
Tbilisi, Georgia


Finance Director

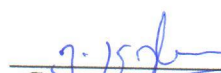
April 13, 2018
Tbilisi, Georgia

Notes of the financial statements on pages from 8 to 23 are an integral part of this report.


INTERNATIONAL INSURANCE COMPANY KAMARA JSC
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2017
(In Thousand Georgian Lari)

	2017	2016
Cash flows from operating activities		
Insurance premium received	600	296
Regression received	42	38
Operating income received	35	366
Insurance benefits and claims paid	(72)	(202)
Acquisition costs paid	(96)	(43)
Salaries and benefits paid	(302)	(188)
Taxes paid	(119)	(78)
Other operating expenses paid	(254)	(447)
Net cash flows from operating activities	(166)	(258)
Cash flows used in investing activities		
Interest received	106	19
Purchase of property and equipment	(5)	(25)
Purchase of intangible assets	(22)	(54)
Net cash flows from used in investing activities	79	(60)
Cash flows from financing activities		
Increase capital	134	1,763
Net cash flows from financing activities	134	1,763
Effect of exchange rates changes on cash and cash equivalents	(49)	205
Net increase in cash and cash equivalents	(2)	1,650
Cash and cash equivalents, 1 January	2,904	1,254
Cash and cash equivalents, 31 December	2,902	2,904

On behalf of the Management:


 General Director




 Finance Director

April 13, 2018
 Tbilisi, Georgia

April 13, 2018
 Tbilisi, Georgia

Notes of the financial statements on pages from 8 to 23 are an integral part of this report.

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2017
(In Thousand Georgian Lari)

1. INTRODUCTION

Corporate Information

International Insurance Company Kamara JSC (the Company) was founded and registered in tax authority on May 13, 2013. The company carries out insurance activity.

International Insurance Company Kamara JSC (the Company) is a Joint-stock company, before 07 December, 2015 the Company's legal form was Limited Liability Company. The Company was incorporated and is domiciled in Georgia under the laws and regulations of Georgia. The Company's factual and registered address is A. Kalandadze Str. #4, Tbilisi, Georgia

Nominal value of one share is 1 GEL. In total, 3,650,000 shares were emitted as of December 31, 2017. Shareholders of the Company are: Chetin Aidin (personal number 20692382642) – 61.00%, Husein Iaman (personal number 48838112892) – 39.00%. The shareholders of the Company are non residents of Georgia.

The insurance license was given to the Organization on October 11, 2013, license certificate #NL013, issued by LEPL Insurance State Supervision Service of Georgia.

Governing body of the Company is supervisory board, which includes chairperson and members. Day to day activities of the Company are managed by general director of the Company. As at the year end 2017 general director of the company is Eka Tsenteradze.

Presentation currency

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

The principal rate of exchange used for translating foreign currency monetary balances were are as follows:

	31 December 2017	31 December 2016
1 USD/GEL	2.5922	2.6468
1 EUR/GEL	3.1044	2.7940
Average interest rate for the periods is following:		
	2017	2016
1 USD/GEL	2.5086	2.3667
1 EUR/GEL	2.8322	2.6172

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2017
(In Thousand Georgian Lari)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”), being standards and interpretations issued by the International Accounting Standards Board (“IASB”), in force at 31 December 2017.

The financial statements comprise a statement of comprehensive income (profit or loss), a statement of financial position, a statement of changes in equity, a statement of cash flows, and notes.

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is 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. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer’s specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Correction of an error

The Company incorrectly calculated insurance contract liability (IBNR) and amortization charge of intangible assets in previous years. The company has incorrectly recognized PPE on balance, which is now separately on balance as Investment property; The company has incorrectly recognized Cash and cash equivalents on balance, which is now separately on balance as Amounts due from credit institution (2,645 GEL)

Errors have been corrected by restating each of the effected financial statement line items for the prior periods, as follows:

<i>Impact on equity</i>	31 December, 2016
PPE	(96)
Investment property	96
Intangible asset	1
Accumulated depreciation	6
Total assets	7
Insurance contracts liabilities	13
Total liabilities	13
Impact on equity	20
<i>Income on statement of profit and loss</i>	2016
Net change in insurance contracts liabilities	13
Amortization expense	1
	14

All notes presented are restated.

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2017

(In Thousand Georgian Lari)

Summary of significant accounting policies

DEFERRED ACQUISITION COSTS (DAC)

Those direct and indirect costs incurred during the financial period arising from the acquiring or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums from insurance contract. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, DACs are amortised over the period in which the related revenues are earned. The deferred acquisition costs for reinsurers are amortised in the same manner as the underlying asset amortisation and is recorded in the statement of profit or loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. DACs are also considered in the liability adequacy test for each reporting period.

DACs are derecognised when the related contracts are either settled or disposed of.

Income tax

Income tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Company considers that it is probable (ie more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Property, Plant and Equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

<i>Group of Fixed Assets</i>	<i>Useful Life in Years</i>
Office Equipment	5 years
Vehicles	5 years

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2017

(In Thousand Georgian Lari)

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to profit or loss on a reducing balance basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortised using rate of 15%. Amortisation periods and methods are reviewed annually and adjusted if appropriate.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are tested for impairment. Losses arising from impairment of investment properties are included in the statement of profit or loss in the year in which they arise. Impairment test is performed on annual basis, and at the point of time when something happens on the market that decreases the value of investment property.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Financial Instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs (which is recognised in profit or loss).

Subsequent measurement of financial assets depends on their classification on initial recognition. During the reporting period, the Company classified its financial assets as loans and receivables. They are subsequently measured at amortised cost using the effective interest rate method (except for short-term receivables where interest is immaterial), less provision for impairment. Indicators of impairment are assessed at each reporting date. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Typically trade and other receivables, bank balances and cash are classified in this category.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. During the reporting period, the Company did not classify any financial liabilities as held for trading or designated as at fair value through profit or loss. All the other financial liabilities (trade and other payables and borrowings) are carried at amortised cost using the effective interest method. Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (ie extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2017

(In Thousand Georgian Lari)

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Dividends are recognised as liabilities when they are declared (ie the dividends are appropriately authorised and no longer at the discretion of the entity). Interim dividends are recognised when paid.

Insurance receivables

Insurance receivables are financial assets consisting of earned (past due) insurance premium receivable and unearned premiums receivable.

Reinsurance assets

Reinsurance assets represent the reinsurer's share in liabilities from insurance contracts.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

Liabilities from insurance contracts

Insurance contract liabilities include the outstanding claims provision and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported (RBNS) or not (IBNR), together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. IBNR is calculated at the reporting date in accordance with the state regulation: 5% of annual gross premiums for all types of insurance contracts other than medical (health) and 2% of annual gross premiums for medical (health) insurance. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Dividends are recognised as liabilities when they are declared (ie the dividends are appropriately authorised and no longer at the discretion of the entity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the Shareholders' Annual General Meeting. Interim dividends are recognised when paid.

Application of new and amended standards

The Company has not adopted any standards or interpretations in advance of the required implementation dates. The following standards/amendments, which are not yet effective, might have a significant effect on the Company's financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed:

- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018, give all insurers the option to recognise in other comprehensive income, rather than in profit or loss, the volatility that could arise when IFRS 9 is applied before implementing IFRS 17 ('the overlay approach'). Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption (until 2021) from applying IFRS 9, thus continuing to apply IAS 39 instead ('the deferral approach').
- IFRS 9 *Financial Instruments* (issued in July 2014) – This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.
 - IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
 - For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
 - For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.
 - For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
 - The derecognition provisions are carried over almost unchanged from IAS 39.
- IFRS 17 Insurance Contracts (issued in May 2017) - The Standard that replaces IFRS 4, effective for annual periods beginning on or after 1 January 2021 (earlier application permitted only if IFRS 9 and IFRS 15 also applied), requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts, giving a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

INTERNATIONAL INSURANCE COMPANY KAMARA JSC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2017
(In Thousand Georgian Lari)

3. AMOUNTS DUE FROM CREDIT INSTITUTIONS

	December 31, 2017	December 31, 2016
Bank deposits in USD	2,558	204
Bank deposits in GEL	217	2,441
Total	2,775	2,645

Amounts due from credit institutions are presented by short-term (up to 12 months) placements and earn annual interest of 2% to 3.5% in 2017 and for 2016 annual interest of 1% to 4.55%.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December comprise:

	December 31, 2017	December 31, 2016
Cash at bank in USD	110	217
Cash at bank in GEL	16	41
Cash on hand	1	1
Total	127	259

ISSSG requirement is to maintain minimum level of cash and cash equivalents at 10% of the insurance contract liabilities subject to reservation as defined by Insurance State Supervision Service of Georgia regulatory reserve requirement resolution.

5. PROPERTY AND EQUIPMENT

The movements in property and equipment were as follows:

	Office Equipment	Vehicles	Total
Book value			
As at December 31, 2015	25	19	44
<i>Additions</i>	26	-	26
As at December 31, 2016	51	19	70
<i>Additions</i>	6	-	6
As at December 31, 2017	57	19	76
Accumulated depreciation			
As at December 31, 2015	(8)	(7)	(15)
Charge for the year	(9)	(4)	(13)
As at December 31, 2016	(17)	(11)	(28)
<i>Depreciation charge</i>	(11)	(4)	(15)
Accumulated depreciation as at December 31, 2017	(28)	(15)	(43)
Net value			
As at December 31, 2015	17	12	29
As at December 31, 2016	34	8	42
As at December 31, 2017	29	4	33

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6. INVESTMENT PROPERTY

	Land	Building	Total
<i>Cost</i>			
As at 31 December 2015	28	80	108
Additions	-	-	-
Disposals	-	-	-
As at 31 December 2016	28	80	108
Disposals	(24)	(71)	(95)
Write off	(4)	(9)	(13)
As at 31 December 2017	-	-	-
<i>Accumulated Depreciation</i>			
As at 31 December 2015	-	(9)	(9)
Charge of the year	-	(4)	(4)
As at 31 December 2016	-	(13)	(13)
Charge of the year	-	(2)	(2)
Removal on disposal	-	15	15
As at 31 December 2017	-	-	-
<i>Net value</i>			
As at 31 December 2015	28	71	99
As at 31 December 2016	28	67	95
As at 31 December 2017	-	-	-

The Company had investment property as at December 31, 2016. this investment property was contribution made to equity by shareholder, which was farther taken out from equity during FY 2017. The Company accounted for investment property using cost model:

7. INTANGIBLE ASSETS

The movements in intangible assets were as follows:

Book value	Computer Software
As at December 31, 2015	1
Additions	72
As at December 31, 2016	73
Additions	2
As at December 31, 2017	75
<i>Accumulated amortization</i>	
As at December 31, 2015	-
Charge for the year	(6)
As at December 31, 2016	(6)
Charge for the year	(11)
As at December 31, 2017	(17)
<i>Net value</i>	
As at December 31, 2015	1
As at December 31, 2016	67
As at December 31, 2017	58

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8. DEFERRED TAX ASSETS

On 13 May 2016 the Parliament of Georgia passed the bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. For insurance companies the law will be effective for tax periods starting after 1 January 2019. As a result, starting from this date, the Company's taxable profit will be the dividends paid out (if any) and there will be no temporary differences. Deferred tax assets are caused by tax losses and can be used in the next period. The company has an approved budget by the Insurance Surveillance Service, which states that the company generates so many profits that it will be able to spend this asset

	2017	2016
Income tax provision	243	102
Current profit tax	-	-
	243	102
	2017	2017
Loss before tax	(235)	(99)
Theoretical profit tax (15%)	(35)	(15)
Effect of temporary differences	27	12
Profit tax expense	(243)	(102)
	104%	103%

9. INSURANCE RECEIVABLE

Insurance receivables as of the end of the period comprise:

	December 31, 2017	December 31, 2016
Insurance premiums receivable in USD	9	27
Insurance premiums receivable in GEL	4	4
Other receivable	1	2
Impairment reserve	(1)	-
Total	13	32

10. ACCOUNTS PAYABLE

Accounts payable are as follows:

	December 31, 2017	December 31, 2016
Receivables of principles - deposition	(216)	(191)
Commission payables	(20)	(16)
Trade payable in GEL	(8)	(8)
Other payables	-	(16)
Payables to related party	-	(16)
Total	(244)	(247)

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11. DEFERRED ACQUISITION COSTS

Deferred acquisition costs ("DAC") are as follows:

1 January, 2016	8
Deferred costs	69
Amortization	(60)
31 December, 2016	17
Deferred costs	139
Amortization	(125)
31 December, 2017	31

12. INSURANCE CONTRACTS LIABILITIES

Insurance contract liability are as follows:

	December 31, 2017	December 31, 2016
Unearned premium reserve	(159)	(94)
Reported but not settled	(32)	(1)
Total	(191)	(95)

13. PREPAYMENT

Prepayment are as follows:

	December 31, 2017	December 31, 2016
Prepayment to suppliers	31	-
Rent prepayment	11	15
Total	42	15

14. REINSURANCE ASSETS

Reinsurance assets are as follows:

	December 31, 2017	December 31, 2016
Reinsurance unearned premium reserve	8	-
Total	8	-

15. EQUITY

The minimum amount of capital determines the regulation legislation.

The equity capital is compulsory and consists of 3,650,000 ordinary shares. The nominal value of 1 is 1 GEL. The shareholders are presented in general information.

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16. GROSS PREMIUMS

Gross premium of the Company comprises of following for financial years 2017 and 2016:

	2017	2016
Revenue from Liability insurance (guarantees)	397	241
Revenue from Vehicle Corpus Insurance	47	18
Revenue from travel insurance	34	7
Other liability insurance	16	1
Revenue from motorcycles insurance	15	5
Insurance of accidental passenger and driver	11	-
Insurance is an accident	8	-
Other revenue	2	1
Property insurance	1	1
Total	531	274
Reinsurance expenses	(11)	-
Net Insurance revenue	520	274

17. INTEREST INCOME

Interest income from deposits are as follows:

	2017	2016
Interest income from long term deposits	96	2
Interest income from short term deposits	7	12
Other interest income from deposits	5	3
Total	108	17

18. INCOME RECEIVED BY REGRESSION

	2017	2016
Regression of liability insurance (guarantees)	49	58
Regression of vehicle corpus insurance	1	-
Total	50	58

19. NET CHANGE IN INSURANCE CONTRACTS LIABILITY

	2017	2016
Reported but not settled	(31)	107
Total	(31)	107

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20. COMMISSION EXPENSES

The Company's commission expenses for financial years 2017 and 2016 comprise of following:

	2017	2016
Finance risk insurance commission	(102)	(55)
Travel insurance commission	(17)	(3)
Automobile insurance commission	(4)	(2)
Other	(2)	-
Total	(125)	(60)

21. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for financial years 2017 and 2016 comprise of following:

	2017	2016
Wages and salaries	(376)	(233)
Rent	(85)	(92)
Audit expenses	(35)	(26)
Other general and administrative expenses	(31)	(28)
Depreciation and amortizations expense	(29)	(22)
Commission expense	(20)	(17)
Advertising expenses	(20)	(24)
Penalties	(4)	(1)
Vehicle service expenses	(3)	(13)
Representative expenses	(3)	(2)
Bank expenses	(3)	(6)
Computer expenses	(2)	(2)
Protection expenses	(2)	(2)
Total	(613)	(468)

22. GROSS BENEFITS AND CLAIMS PAID

	2017	2016
Liability insurance (guarantees) claim paid	(37)	(186)
Motorcycles insurance claim paid	(2)	(1)
Vehicle corpus insurance claim paid	(10)	(14)
Claim paid of Insurance of accidental passenger and driver	(2)	(2)
Travel insurance claim paid	(2)	-
Total	(53)	(203)

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23. OTHER INCOME

Other income of the Company comprises of following for financial years 2017 and 2016:

	2017	2016
PPE revaluation	9	-
Other income from liability execution insurance (guarantees)	5	-
Income from penalty	1	9
Total	15	9

24. OTHER EXPENSES

Other expenses of the Company comprise of following for financial years 2017 and 2016:

	2017	2016
Commission expenses for online registration	(20)	(13)
Membership expenses	(20)	(12)
Court fee	(11)	(8)
Commission expenses for Valuation	(2)	(1)
Impairment charge	(1)	-
Services fee	-	(6)
Total	(54)	(40)

25. F/X EFFECT ON FOREIGN CURRENCY

	2017	2016
Cash at bank	(49)	205
Accounts payable	(2)	(1)
Accounts receivable	(1)	3
Total	(52)	207

FINANCIAL RISK MANAGEMENT

The activities of the Company are exposed to various risks. Risk management therefore is a critical component of its insurance activities. Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and daily monitoring, subject to risk limits and other controls. Each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The main financial risks inherent to the Company's operations are those related to credit, liquidity and market movements in interest and foreign exchange rates and equity prices. A summary description of the Company's risk management policies in relation to those risks follows.

INSURANCE RISK

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid that are greater than originally estimated and subsequent development of long term claims.

The Company primarily uses its loss ratio and its combined ratio to monitor its insurance risk. Loss ratio is defined as net insurance claims divided by net insurance revenue. Combined ratio is sum of loss ratio and expense ratio.

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Expense ratio is defined as insurance related operating expenses excluding interest expense divided by net insurance revenue. The Company's loss ratios and combined ratios were as follows:

	<i>31 December</i> <i>2017</i>	<i>31 December</i> <i>2016</i>
Loss ratio	16%	35%
Expenses ratio	62%	76%
Combined ratio	78%	110%

26. FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk relates primarily of its operating (prepayments in FC) and financing activities (loans and borrowings denominated in FC).

Most of the Company's transactions are carried out in GEL. Exposure to currency exchange rates arise from the Company's cash and bank balances denominated in US Dollar, as well as loans and borrowings denominated in US Dollar.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into GEL at the closing rate:

<i>2017</i>	GEL	USD	Total
Financial assets			
Amounts due from credit institutions	217	2,558	2,775
Cash and Cash Equivalents	16	111	127
Insurance Receivable	4	9	13
Accounts Receivable	1	5	6
Total financial assets	238	2,678	2,921
Financial liability			
Insurance contracts liabilities	191	-	191
Accounts payables	244	-	244
Total financial liability	435	-	435
Open balance sheet position	(197)	2,678	2,486

<i>2016</i>	GEL	USD	Total
Financial assets			
Amounts due from credit institutions	191	2,454	2,645
Cash and Cash Equivalents	43	216	259
Insurance Receivable	5	27	32
Accounts Receivable	15	2	17
Total financial assets	254	2,699	2,953
Financial liability			
Insurance contracts liabilities	95	-	95
Accounts payables	247	-	247
Total financial liability	342	-	342
Open balance sheet position	(88)	2,699	2,611

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The following table details the Company's sensitivity to a 15% increase, and decrease in GEL against USD and 20% for EUR. 15% and 20% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 15-20% change in foreign currency rates.

A positive number indicates an increase in a profit or loss where GEL strengthens against relevant currency.

	USD impact 2017		USD impact 2016	
	Increase by 15%	Decrease by 15%	Increase by 15%	Decrease by 15%
Profit/(loss)	401.7	(401.7)	405.9	(405.9)

27. LIQUIDITY RISK

The Company manages liquidity risk on the basis of expected maturity dates. As at the reporting date all the financial liabilities were current.

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows.

28. MARKET RISK

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchanges.

The Company has exposure to market risks. Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

29. CREDIT RISK

The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Credit quality per class of financial assets

The table below shows the credit quality by class of asset in the statement of financial position.

	Neither past due nor impaired 31 December 2017	Past-due or individually impaired 31 December 2017	Total 31 December 2017
Amounts due from credit institutions	2,775	-	2,775
Insurance receivables	13	1	14
Accounts Receivable	5	-	5
Total	2,793	1	2,794
	Neither past due nor impaired	Past-due or individually	Total 31 December

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	31 December 2016	impaired 31 December 2016	2016
Amounts due from credit institutions	2,645	-	2,645
Insurance receivables	32	-	32
Accounts Receivable	17	-	17
Total	2,694	-	2,694

30. CAPITAL RISK MANAGEMENT

The capital structure of the Company consists of equity comprising issued capital, accumulated loss and debt.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination level of the Company's various classes of debt, also adjust the amount of dividends paid, return capital to owners, issuance of new shares.

The operations of the Company are also subject to local regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency. The Company's capital management policy for its insurance business is to hold the least required amount of the regulatory capital and, also, to hold sufficient liquid assets to cover statutory requirements based on the directives of ISSSG. Regulations of ISSSG require that an insurance company must hold liquid assets of at least 75% of its unearned premium reserve, net of gross insurance premiums receivable, and 100% of its loss reserves. Assets eligible for inclusion in liquid assets are: cash and cash equivalents, amounts due from credit institutions, loans issued, investment property as well as other financial assets, as defined by ISSSG. Amount of such minimal liquid assets is called "Statutory Reserve".

The Statutory Reserve requirement as at 31 December 2017 equals to the minimal amount of liquid assets of 119 thousand GEL (31 December 2016: 71 thousand GEL). The insurance company is fully compliant with the requirement by holding actual 2,950 thousand GEL (31 December 2016: 3,096 thousand GEL) of total eligible liquid assets.

New regulations regarding solvency requirements to an insurer were introduced in Insurance Law of Georgia in September 2016; the regulations will become effective for the Company starting from 1 January of 2018. on the part of insurance companies to meet unforeseen liabilities as these arise.

31. RELATED PARTY

Related parties of the Company are its shareholders, key management, other companies owned by the shareholders of the Company. The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions, no such transactions occurred with related parties. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Company

Salaries and other short-term employee benefits	2017	2016
	75	40

Balances with related parties represents 16 thousand Gel of receivable from shareholders as at December 31, 2016 and are zero as at December 31, 2017.

32. EVENTS AFTER REPORTING PERIOD

No significant transactions have been identified for disclosure after the reporting date.