JSC Georgia Capital Unaudited Interim Condensed Consolidated Financial Statements

30 June 2020

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INTERIM REVIEW REPORT

SELECTED EXPLANATORY NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Report on Review of Interim Financial Information

To the Shareholder and the Supervisory Board of JSC Georgia Capital

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC Georgia Capital and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2020 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Alexey Loza

On behalf of EY LLC

17 September 2020

Tbilisi, Georgia

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	As at *30 June 2020 (unaudited)*	As at *31 December 2019*
Assets			
Cash and cash equivalents	4	84,626	117,215
Marketable securities	5	35,207	62,493
Accounts receivable		39	1,176
Prepayments		897	384
Loans issued	6	133,342	151,884
Property and equipment		521	580
Intangible assets		109	122
Other assets		7,216	6,520
Equity investments at fair value	7	1,826,458	2,251,465
Total assets		**2,088,415**	**2,591,839**
Liabilities			
Accounts payable		367	1,284
Debt securities issued	8	886,767	825,952
Other liabilities		2,294	6,406
Total liabilities		**889,428**	**833,642**
Equity	9		
Share capital		12,223	12,400
Additional paid-in capital		499,449	499,369
Treasury shares		(948)	(961)
Other reserves		(732)	-
Retained earnings		688,995	1,247,389
Total equity		**1,198,987**	**1,758,197**
Total liabilities and equity		**2,088,415**	**2,591,839**

Signed and authorised for release on behalf of the Management by:

Irakli Gilauri Chief Executive Officer

Giorgi Alpaidze Chief Financial Officer

17 September 2020

The accompanying notes on pages 9 to 24 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2020 (unaudited)
Losses on investments at fair value	7	(486,045)
Listed Equity Investments		*(297,745)*
Private Investments		*(188,300)*
Dividend income	7	4,927
Interest income at EIR method		2,918
Other interest income		7,950
Net losses from investment securities measured at FVPL		(3,331)
Net realised losses from investment securities measured at FVOCI		(496)
Other income		229
Gross investment loss		**(473,848)**
Administrative expenses		(2,031)
Salaries and other employee benefits		(8,587)
Depreciation and amortisation		(279)
Interest expense		(29,263)
Loss before provisions, foreign exchange and non-recurring items		**(514,008)**
Expected credit losses reversal		140
Net foreign currency loss		(41,304)
Non-recurring expense		(3,222)
Loss before income taxes		**(558,394)**
Income tax		-
Loss for the period		**(558,394)**

The accompanying notes on pages 9 to 24 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

(Thousands of Georgian Lari)

	Notes	For the six months ended *30 June 2019 (unaudited, restated)**
Revenue		672,372
Cost of sales		(415,287)
Gross profit		**257,085**
Salaries and other employee benefits		(80,403)
Administrative expenses		(51,213)
Other operating expenses		(4,397)
Expected credit loss on financial assets		(7,525)
Impairment charge on insurance premium receivables, other assets and provisions		(526)
		(144,064)
EBITDA		**113,021**
Share in profit of associates		317
Dividend income		24,951
Depreciation and amortisation		(51,103)
Net foreign currency loss		(53,916)
Net realised gains from investment securities measured at FVOCI		1,011
Interest income		14,898
Interest expense		(65,571)
Net operating loss before non-recurring items		**(16,392)**
Net non-recurring items		(3,383)
Loss before income tax expense		**(19,775)**
Income tax expense		(2,212)
Loss for the period		**(21,987)**
Total loss attributable to:		
– the shareholder of JSC Georgia Capital		(33,793)
– non-controlling interests		11,806
		(21,987)

** Certain amounts do not correspond to the 2019 interim consolidated financial statement as they reflect the adjustments made for change in accounting policy described in Note 3.*

The accompanying notes on pages 9 to 24 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited, restated)*
Loss for the period		**(558,394)**	**(21,987)**
Other comprehensive income			
Other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods:			
Income from currency translation differences		-	9,388
Changes in the fair value of debt instruments at FVOCI		(1,123)	939
Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI		(105)	352
Realised gain on financial assets measured at FVOCI reclassified to the consolidated income statement		496	1,011
Net other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods		**(732)**	**11,690**
Other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods:			
Revaluation of property and equipment		-	3,492
Changes in fair value of equity instruments designated at FVOCI		-	75,804
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**79,296**
Other comprehensive (loss) / income for the period, net of tax		**(732)**	**90,986**
Total comprehensive (loss) / income for the period		**(559,126)**	**68,999**
Total comprehensive (loss) / income attributable to:			
– the shareholder of JSC Georgia Capital		(559,126)	54,804
– non-controlling interests		-	14,195
		(559,126)	**68,999**

** Certain amounts do not correspond to the 2019 interim consolidated financial statement as they reflect the adjustments made for change in accounting policy described in Note 3.*

The accompanying notes on pages 9 to 24 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

(Thousands of Georgian Lari)

	Attributable to the shareholder of Georgia Capital							
	Share capital	Additional paid-in capital	Treasury Shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total Equity
31 December 2018	**11,526**	**498,781**	**(584)**	**497,659**	**191,352**	**1,198,734**	**329,005**	**1,527,739**
Effect of change in accounting policy (borrowing costs)	-	-	-	(309)	(2,362)	(2,671)	-	(2,671)
Effect of change in accounting policy (infrastructure assets)	-	-	-	-	(98,456)	(98,456)	-	(98,456)
1 January 2019 (restated)*	**11,526**	**498,781**	**(584)**	**497,350**	**90,534**	**1,097,607**	**329,005**	**1,426,612**
(Loss) Profit for the six months ended 30 June 2019 (unaudited, restated)*	-	-	-	-	(33,793)	(33,793)	11,806	(21,987)
Other comprehensive income for the six months ended 30 June 2019 (unaudited)	-	-	-	88,597	-	88,597	2,389	90,986
Total comprehensive income/(loss) for the six months ended 30 June 2019 (unaudited)	**-**	**-**	**-**	**88,597**	**(33,793)**	**54,804**	**14,195**	**68,999**
Issue of share capital (Note 9)	227	26,673	-	-	-	26,900	-	26,900
Increase in equity arising from share-based payments	-	12,875	-	-	-	12,875	3,455	16,330
Dilution of interests in subsidiaries	-	-	-	5,008	-	5,008	(3,973)	1,035
Increase in share capital of subsidiaries	-	-	-	-	-	-	1,237	1,237
Acquisition of non-controlling interests in existing subsidiaries	-	-	-	(6,106)	-	(6,106)	(12,776)	(18,882)
Non-controlling interests arising on acquisition of subsidiary	-	-	-	-	-	-	3,046	3,046
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(7,493)	(7,493)
Other purchases of treasury shares (Note 9)	(178)	(57,072)	(305)	-	-	(57,555)	-	(57,555)
Purchase of treasury shares (Note 9)	-	(34,681)	(29)	-	-	(34,710)	-	(34,710)
30 June 2019 (unaudited, restated)*	**11,575**	**446,576**	**(918)**	**584,849**	**56,741**	**1,098,823**	**326,696**	**1,425,519**

** Certain amounts do not correspond to the 2019 interim consolidated financial statements as they reflect the adjustments made for change in accounting policy described in Note 3.*

The accompanying notes on pages 9 to 24 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital*	*Treasury Shares*	*Other reserves*	*Retained earnings*	*Total*
31 December 2019	**12,400**	**499,369**	**(961)**	**-**	**1,247,389**	**1,758,197**
Loss for the period	-	-	-	-	(558,394)	(558,394)
Other comprehensive loss for the period	-	-	-	(732)	-	(732)
Total comprehensive loss for the period	**-**	**-**	**-**	**(732)**	**(558,394)**	**(559,126)**
Increase in equity arising from share-based payments	-	10,555	-	-	-	10,555
Capital reduction (Note 9)*	(177)	(8,441)	-	-	-	(8,618)
Sale of treasury shares	-	2,733	93	-	-	2,826
Contributions under share-based payment plan (Note 9)	-	(4,767)	(80)	-	-	(4,847)
30 June 2020 (unaudited)	**12,223**	**499,449**	**(948)**	**(732)**	**688,995**	**1,198,987**

**During six months ended 30 June 2020 the parent company, GCAP PLC, received GEL 8,618 in the form of capital redemption from JSC GCAP, of which 7,453 was paid in cash.*

The accompanying notes on pages 9 to 24 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Cash flows from operating activities			
Revenue received		-	629,688
Cost of goods sold paid		-	(403,547)
Net other income received		-	5,738
Salaries and other employee benefits paid		(3,716)	(72,520)
General, administrative and operating expenses paid		(2,947)	(60,902)
Interest income received		6,348	13,905
Net change in operating assets and liabilities		(481)	1370
Net cash flows (used in)/from operating activities before income tax		**(796)**	**113,732**
Income tax paid		-	(1,246)
Net Cash flow (used in)/from operating activities		**(796)**	**112,486**
Cash flows used in investing activities			
Net placement of amounts due from credit institutions		-	(17,161)
Loans repaid / (issued)		31,598	(2,388)
Acquisition of subsidiaries, net of cash acquired		-	(3,786)
Increase of investments in subsidiaries	7	(55,989)	-
Repayment of remaining holdback amounts from previous year acquisitions		-	(5,224)
Purchase of debt securities		(7,926)	(73,570)
Proceeds from sale and redemption of debt securities		33,423	34,967
Purchase and construction of investment properties		-	(1,093)
Proceeds from sale of property and equipment and intangible assets		-	724
Purchase of property and equipment		-	(136,982)
Purchase of intangible assets		-	(15,347)
Dividends received	7	4,927	24,951
Other investing activities		(529)	-
Net cash flows from/(used in) investing activities		**5,504**	**(194,909)**

The accompanying notes on pages 9 to 24 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Cash flows from financing activities			
Proceeds from borrowings		-	277,246
Repayment of borrowings		-	(140,453)
Proceeds from debt securities issued	8	4,483	57,625
Redemption and buyback of debt securities issued		-	(10,319)
Other purchases of treasury shares	9	(7,453)	(57,555)
Dividends paid		-	(4,950)
Interest paid		(24,632)	(73,091)
Contributions under share-based payment plan*		(7,321)	(9,762)
Increase in share capital of subsidiaries		-	1,237
Purchase of additional interest in existing subsidiaries		-	(1,726)
Cash payments for principal portion of lease liability		(170)	(9,578)
Cash payments for interest portion of the lease liability		(21)	(3,012)
Net cash (used in)/from financing activities		**(35,114)**	**25,662**
Effect of exchange rates changes on cash and cash equivalents		(2,183)	5,846
Effect of change in expected credit losses for cash and cash equivalents		-	(1)
Net decrease in cash and cash equivalents		**(32,589)**	**(50,916)**
Cash and cash equivalents, beginning of the period	4	**117,215**	**253,349**
Cash and cash equivalents, end of the period	4	**84,626**	**202,433**

**Cash outflow of GEL 7,321 includes payment of GEL 2,474 PY buybacks paid in 2020.*

1. Principal Activities

JSC Georgia Capital ("Georgia Capital") makes up a group of companies (the "Group"), focused on investing in and developing businesses in Georgia. The Group principally invests in entities that operate in utility and renewable energy, property and casualty insurance, housing development, hospitality and commercial - property construction and development, wine and beer production, education, digital, auto service businesses and healthcare, pharmaceutical and medical insurance business. On 19 May 2020, the 100% shareholder of the Group, Georgia Capital PLC, offered to acquire all remaining outstanding shares in Georgia Healthcare Group PLC. On 8 July 2020 Georgia Capital PLC applied to delist Georgia Healthcare Group from the London Stock Exchange premium listing. Delisting was finalised on 5 August 2020. In addition to its subsidiaries, the Group has a significant investment in London Stock Exchange premium listed Bank of Georgia Group PLC.

Georgia Capital's registered legal address is Kazbegi street 3-5, Tbilisi Georgia.

JSC Georgia Capital was established on 6 August 2015 as a joint stock company (JSC) under the laws of Georgia. As of 30 June 2020 and 31 December 2019, the Group's ultimate 100% owner was Georgia Capital PLC, a company incorporated in England and listed on the London Stock Exchange.

2. Basis of Preparation

General

These interim condensed consolidated financial statements for the six months ended 30 June 2020 were prepared in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting".

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim condensed consolidated financial statements. Although these estimates and assumptions are based on management's best judgment at the date of the interim condensed consolidated financial statements, actual results may differ from these estimates.

Assumptions and significant estimates in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2019, signed and authorized for release on 10 April 2020.

These interim condensed consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise noted.

The interim condensed consolidated financial statements are unaudited, reviewed by the auditors and their review conclusion is included in this report.

2. Bases of Preparation (continued)

General (continued)

Investment entity status

On 31 December 2019 Georgia Capital concluded that it met the definition of investment entity as defined in IFRS 10 *Consolidated Financial Statements*. As per IFRS 10 an investment entity is an entity that:

a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

According to IFRS 10, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

Given the above, these financial statements consolidate the Group's subsidiaries up to 31 December 2019. As of that date, the subsidiaries have been de-consolidated, and recognised as investments in subsidiaries at their fair value as at 31 December 2019.

Further details on financial impact of change in investment entity status and underlying significant judgments are provided in notes 3, 7 and 10, respectively.

Going concern

The Board of Directors of Georgia Capital has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for a period of at least 12 months from the date of approval of the interim condensed consolidated financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern for the foreseeable future. Therefore, the interim condensed consolidated financial statements continue to be prepared on a going concern basis.

The Directors have made an assessment of going concern and reviewed Georgia Capital liquidity outlook for the period ending 31 December 2021, taking into account the impact of the COVID-19 pandemic and considered any potential concerns with respect to the liquidity and recoverability of the Group's assets as set out in the financial statements. As a response to the COVID-19 uncertainties, Georgia Capital is focused on limiting capital allocations, optimizing operating expenses and cash accumulation and preservation.

Liquidity needs of Georgia Capital for the next 12 months mainly comprises of coupon payments on JSC GCAP Eurobonds and operating costs of running holding company. Liquidity outlook also assumes dividend income and loan repayments from the defensive businesses of the group (renewable business and P&C insurance). Management have performed a further assessment which demonstrates that, even in a stressed scenario which assumes no dividend inflows, postponement of the loan repayments from the portfolio businesses that have been most significantly negatively affected by the COVID-19 whilst retaining forecast capital allocations, the existing liquid assets will be sufficient to cover the expected cash outflows of JSC GCAP for a period of at least 12 months from the date of approval of these interim condensed consolidated financial statements. Further, Georgia Capital does not have any formal capital or debt commitments (with exception to a financial guarantee issued to the beverages business (Note 12)) or a primary mandate to deploy funds or divest assets within a specific time frame.

2. Bases of Preparation (continued)

Going concern (continued)

Georgia has, so far, managed to effectively deal with the COVID-19 pandemic. The Georgian Government has taken significant actions at the early stage of COVID-19 outbreak. A large part of Georgia Capital's portfolio is concentrated across defensive countercyclical sectors: the water utility and healthcare and pharmacy distribution businesses. Georgia Capital has enough liquidity position as at 30 June 2020. On 30 July 2020, GGU (the holding company of water utility and renewable energy businesses) issued USD 250 million 7.75% 5-year green notes, improving the financial flexibility of GGU, allowing this business to repay its loans to Georgia Capital and significantly enhancing liquidity profile of the group.

The management is also satisfied that Georgia Capital's liquidity forecast is comprehensive considering the novel coronavirus risk. Further, Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. Due to COVID-19 related uncertainties, which may affect portfolio businesses ability to distribute cash to Georgia Capital (either in the form of dividend distribution or repayment of loans from JSC GCAP), management of Georgia Capital is focused on minimizing capital allocations, applying operating expense optimization plans and preserving cash across, all of which are incorporated into the forecasts, which represents the basis for going concern conclusion.

3. Summary of significant accounting policies

Accounting policies

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 31 December 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

After meeting the definition of investment entity as defined in IFRS 10 Consolidated Financial Statements on 31 December 2019 the subsidiaries have been de-consolidated, and recognised as investments in subsidiaries at their fair value as at 31 December 2019. Given the above, operating results of the Group's subsidiaries are no longer consolidated in the statement of comprehensive income in these interim condensed consolidated financial statements, instead Georgia Capital JSC measures its investments at fair value through profit or loss.

Adoption of new or revised standards and interpretations and voluntary change in accounting policies

Infrastructure assets

In the second half of 2019, the Group changed its accounting policy with respect to infrastructure assets category of property, plant and equipment. The Group now applies the cost model, where infrastructure assets are carried at cost less accumulated depreciation and any accumulated impairment. Prior to this change in policy, the Group applied the revaluation model, where infrastructure assets were carried at the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group believes that cost model provides more reliable and more meaningful presentation for investors since (1) it enhances comparability for the investors as the application of cost model is a market practice across utility industry (2) it more closely aligns the accounting with the business activities around these asset categories.

(Thousands of Georgian Lari)

3. Summary of significant accounting policies (continued)

Adoption of new or revised standards and interpretations and voluntary change in accounting policies (continued)

Retrospective application effect: infrastructure assets

Changes in accounting policy has been applied retrospectively by restating each of the affected consolidated financial statement line items for the prior periods, as follows:

Interim consolidated income statement for the six months 30 June 2019	*As previously reported*	*Change in accounting policy*	*As restated*
Other operating expenses	(4,819)	422	(4,397)
EBITDA	**112,599**	**422**	**113,021**
Depreciation and amortisation	(54,712)	3,609	(51,103)
Net profit	**(26,018)**	**4,031**	**(21,987)**

The following amendments had no impact on the Group's condensed interim consolidated financial statements:

Amendments to IFRS 3: Definition of a Business

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

Amendments to IAS 1 and IAS 8: Definition of Material

(Thousands of Georgian Lari)

4. Cash and Cash Equivalents

	As at	
	30 June 2020 (unaudited)	***31 December 2019***
Current accounts with financial institutions	84,627	114,698
Time deposits with financial institutions with maturities of up to 90 days	-	2,518
Cash and cash equivalents	**84,627**	**117,216**
Allowance	(1)	(1)
Cash and cash equivalents, Net	**84,626**	**117,215**

5. Marketable Securities

	As at	
	30 June 2020 (unaudited)	***31 December 2019***
Internationally listed marketable securities	17,957	38,775
Locally listed marketable securities	17,250	23,718
Equity Investments at Fair Value	**35,207**	**62,493**

As at 30 June 2020 Marketable securities consist of internationally and locally listed debt financial instruments GEL 35,207 (31 December 2019: GEL 58,339) and equity financial instruments of GEL nil (31 December 2019: 4,154).

6. Loans Issued

	As at	
	30 June 2020 (unaudited)	***31 December 2019***
Loans to subsidiaries (FVPL)	133,342	117,506
3rd party loans (amortized cost)	-	34,412
Loans issued	**133,342**	**151,918**
Allowance	-	(34)
Loans issued, Net	**133,342**	**151,884**

As at 30 June 2020 and Loans to subsidiaries are denominated in GEL and USD (31 December 2019: GEL and USD), carry interest rates from 9% to 12% (31 December 2019: 9% to 12%), with average remaining terms of maturity of 1.5 years (31 December 2019: 2 years).

As at 31 December 2019, 3rd party loans are denominated USD, carry interest rate of 9%, with average remaining terms of maturity of 3 months.

(Thousands of Georgian Lari)

7. Equity Investments at Fair Value

	31 December 2019	Transfer between stages	Value Change	Dividends	Total gains / (Losses) on investments at fair value	Investments	Other	30 June 2020 (unaudited)
Listed portfolio companies	**1,027,814**	**-**	**(297,745)**	**-**	**(297,745)**	**-**	**-**	**730,069**
Healthcare	*430,079*	-	*(94,412)*	-	*(94,412)*	-	-	*335,667*
Banking	*597,735*	-	*(203,333)*	-	*(203,333)*	-	-	*394,402*
Private portfolio companies	**1,223,651**	**-**	**(183,373)**	**(4,927)**	**(188,300)**	**55,989**	**5,049**	**1,096,389**
Late stage	**692,746**	**-**	**(87,574)**	**-**	**(87,574)**	**-**	**1,739**	**606,911**
Water utility	*483,970*	-	*(46,064)*	-	*(46,064)*	-	*1,083*	*438,989*
Housing development	*43,853*	-	*(21,958)*	-	*(21,958)*	-	*656*	*22,551*
P&C insurance	*164,923*	-	*(19,552)*	-	*(19,552)*	-	-	*145,371*
Early stage	**439,478**	**56,316**	**(80,891)**	**(4,927)**	**(29,502)**	**50,553**	**3,310**	**463,839**
Renewable Energy	*106,800*	-	*37,647*	*(4,927)*	*32,720*	*44,350*	*847*	*184,717*
Hospitality and Commercial RE	*245,558*	-	*(110,827)*	-	*(110,827)*	*1,136*	*2,463*	*138,330*
Beverages	*87,120*	-	*(32,091)*	-	*(32,091)*	*5,034*	-	*60,063*
Education	-	*56,316*	*24,380*	-	*80,696*	*33*	-	*80,729*
Pipeline	**91,427**	**(56,316)**	**(14,908)**	**-**	**(71,224)**	**5,436**	**-**	**25,639**
Education	*56,316*	*(56,316)*	-	-	*(56,316)*	-	**-**	-
Auto service	*25,757*	-	*(14,908)*	-	*(14,908)*	*4,200*	-	*15,049*
Digital services	*8,790*	-	-	-	-	-	-	*8,790*
Other	*564*	-	-	-	-	*1,236*	-	*1,800*
Equity investments at fair value	**2,251,465**	**-**	**(481,118)**	**(4,927)**	**(486,045)**	**55,989**	**5,049**	**1,826,458**

JSC Georgia Capital is an investment entity and is seeking to realize revenue and gains through monetisation of its investments. Discreet financial information is available for those investments and their operating results (such as their investment returns) are regularly reviewed by Georgia Capital's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The portfolio of investments held by JSC Georgia Capital is organised into the following operating segments based on the industries as follows: Healthcare, Banking, Water Utility, Housing Development, P&C Insurance, Renewable Energy, Hospitality and Commercial, Beverage, Education, Auto Services, Digital and other.

Investment in Banking business, Bank of Georgia Group PLC, has been designated at fair value through OCI (without recycling) in the Group's annual consolidated financial statements for the year ended 31 December 2019. In the first half of 2020, the Group signed total return swap agreement with its 100% owned subsidiary, resulting in a derecognition of the investment in Bank of Georgia Group PLC. Later in the period, the total return swap agreement was terminated by the parties. As the result of the termination, investment in Bank of Georgia Group PLC was newly recognized in the consolidated statement of financial position and classified as financial asset at fair value through profit or loss at initial recognition.

(Thousands of Georgian Lari)

8. Debt Securities Issued

	30 June 2020 (unaudited)	*31 December 2019*
USD denominated Eurobonds	886,767	825,952
Debt securities issued	**886,767**	**825,952**

In March 2018 JSC Georgia Capital issued a USD 300 million (GEL 734 million) 6.125% notes due in March 2024 denominated in US Dollars which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market (the "Notes"). Notes were sold at the price of 98.770% of par value at the initial offering.

During six months ended 30 June 2020 JSC Georgia Capital reissued own Eurobonds repurchased for total consideration of GEL 4,483.

9. Equity

Share capital

As at 30 June 2020 issued share capital comprised 12,223,435) authorised common shares 435 (31 December 2019: 12,399,944), of which 12,223,435 were fully paid (31 December 2019:12,399,944). Each share has a nominal value of one Georgian Lari. Shares issued and outstanding as at 30 June 2020 are described below:

	Number of shares Ordinary	*Amount*
31 December 2019	**12,399,944**	**12,400**
Capital Reduction	(176,509)	(177)
30 June 2020 (unaudited)	**12,223,435**	**12,223**

	Number of shares Ordinary	*Amount*
31 December 2018	**11,526,000**	**11,526**
Issue of share capital	226,756	227
Capital Reduction	(177,528)	(178)
30 June 2019 (unaudited)	**11,575,228**	**11,575**

Capital Reduction

During the six months ended 30 June 2020 JSC GCAP bought back 176,509 (2019: 482,626) own shares for total consideration of GEL 8,618, of which GEL 7,453 was paid in cash (2019: GEL 57,555).

Issue of Share Capital

On 28 June 2019 JSC GCAP issued 226,756 shares for total considerations of GEL 26,900.

Treasury Shares

Treasury shares consist of GEL 837 (31 December 2019: GEL 837) JSC Georgia Capital shares and GEL 111 (31 December 2019: 124) shares of Georgia Capital PLC (the parent).

(Thousands of Georgian Lari)

10. Fair Value Measurements

Fair value hierarchy

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability. The following tables show analysis of assets and liabilities measured at fair value or for which fair values are disclosed by level of the fair value hierarchy:

30 June 2020 (unaudited)	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Marketable securities	4,003	31,204	-	35,207
Equity investments at fair value	730,069	-	1,096,389	1,826,458
Loans issued			133,342	133,342
Other assets	-	913	-	913
Other derivative financial assets	-	*913*	-	*913*
Assets for which fair values are disclosed				
Cash and cash equivalents	-	84,626	-	84,626
Accounts receivable	-	-	39	39
Liabilities for which fair values are disclosed				
Debt securities issued	-	822,547	-	822,547
Lease liabilities	-	471	-	471

31 December 2019	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Marketable securities	10,376	52,117	-	62,493
Equity investments at fair value	1,027,814	-	1,223,651	2,251,465
Loans issued	-	-	117,506	117,506
Other assets	-	1,918	469	2,387
Other derivative financial assets	-	*1,918*	-	*1,918*
Call option	-	-	*469*	*469*
Assets for which fair values are disclosed				
Cash and cash equivalents	-	117,215	-	117,215
Accounts receivable	-	-	1,176	1,176
Assets for which fair values are disclosed				
Loans issued	-	-	35,020	35,020
Liabilities for which fair values are disclosed				
Debt securities issued	-	829,726	-	829,726
Lease liabilities	-	634	-	634

(Thousands of Georgian Lari)

11. Fair Value Measurement (continued)

Fair value hierarchy (continued)

Movements in level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of level 3 financial assets which are recorded at fair value:

	At 31 December 2019	PL movement* realized	PL movement* unrealized	Investments	Other changes	Derecognition	Loans issued	At 30 June 2020 (unaudited)
Level 3 financial assets								
Call option	469	-	120	-	-	(589)	-	-
Loans issued	117,506	2,787	10,836	-	(2,787)	-	5,000	133,342
Equity investments at fair value	1,223,651	4,927	(188,300)	55,989	122	-	-	1,096,389

**PL movement represents gain on revaluation of call option, interest income and foreign exchange gain on loans issued and fair value loss and dividend income on investments at fair value.*

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the interim condensed consolidated financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities, or fair values of other smaller financials assets and financial liabilities, fair values of which are materially close to their carrying values.

	Carrying value 30 June 2020 (unaudited)	Fair value 30 June 2020 (unaudited)	Unrecognised gain (loss) 30 June 2020 (unaudited)	Carrying value 31 December 2019	Fair value 31 December 2019	Unrecognised gain (loss) 31 December 2019
Financial assets						
Cash and cash equivalents	84,626	84,626	-	117,215	117,215	-
Loans Issued	-	-	-	34,378	35,020	642
Financial liabilities						
Lease liabilities	469	471	(2)	630	634	(4)
Debt securities issued	886,767	822,547	64,220	825,952	829,726	(3,774)
Total unrecognised change in unrealised fair value			**64,218**			**(3,136)**

Valuation techniques

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

(Thousands of Georgian Lari)

11. Fair Value Measurement (continued)

Valuation techniques (continued)

Equity Investments in Listed Portfolio Companies

Equity instruments listed on an active market are valued at the price within the bid/ask spread, that is most representative of fair value at the reporting date, which usually represents the closing bid price. The instruments are included within Level 1 of the hierarchy.

Equity Investments in Private Portfolio Companies

Equity investments in private portfolio companies are valued by applying an appropriate valuation method, which makes maximum use of market-based public information, is consistent with valuation methods generally used by market participants and is applied consistently from period to period, unless a change in valuation technique would result in more reliable estimation of fair value.

The value of an unquoted equity investment is generally crystallised through the sale or flotation of the entire business, rather than the sale of an individual instrument. Therefore, the estimation of fair value is based on the assumed realisation of the entire enterprise at the reporting date. Recognition is given to the uncertainties inherent in estimating the fair value of unquoted companies and appropriate caution is applied in exercising judgments and in making the necessary estimates.

Fair value of equity investment in private portfolio companies is usually determined using one of the valuation methods described below:

Listed Peer Group Multiples

The preferred method for valuing equity investments in private portfolio companies is comparison with the multiples of comparable listed companies. This methodology involves the application of a listed peer group earnings multiple to the earnings of the business and is appropriate for investments in established businesses which are profitable and for which we can determine a group of listed companies with similar characteristics.

The earnings multiple used in valuation is determined by reference to listed peer group multiples appropriate for the period of earnings calculation for the investment being valued. The Group identifies peer group for each equity investment taking into consideration points of similarity with the investment such as industry, business model, size of the company, economic and regulatory factors, growth prospects and risk profiles. Certain peer-group companies can be more heavily weighted if their characteristics are closer to those of the company being valued than are those of the other companies in peer group.

Generally, last 12-month earnings will be used for the purposes of valuation. Earnings can be adjusted for extraordinary or non-recurring items.

a. Valuation based on enterprise value

Fair value of equity investments in private companies can be determined as their enterprise value less net financial debt (gross face value of debt less cash) appearing in the most recent Financial Statements.

Enterprise value is obtained by multiplying measures of a company's earnings by listed peer group multiple (EV/EBITDA) for the appropriate period. The measures of earnings generally used in the calculation is recurring EBITDA for the last 12 months (LTM EBITDA). In exceptional cases, where EBITDA is negative, peer EV/Sales (enterprise value to sales) multiple can be applied to last 12-month sales revenue of the business (LTM sales) to estimate enterprise value.

Once the enterprise value is estimated, the following steps are taken:

- Net financial debt appearing in the most recent financial statements is subtracted from the enterprise value. If net debt exceeds enterprise value, the value of shareholders' equity remains at zero if the debt is without recourse to Georgia Capital.
- The resulting fair value of equity is apportioned between Georgia Capital and other shareholders of the Company being valued, if applicable.

(Thousands of Georgian Lari)

11. Fair Value Measurement (continued)

Valuation techniques (continued)

Equity Investments in Private Portfolio Companies

Listed Peer Group Multiples (continued)

Valuation based on enterprise value using peer multiples is used for profitable businesses within non-financial industries.

b. Equity fair value valuation

Fair value of equity investment in companies can determined as using price to earnings (P/E) multiple of similar listed companies.

The measure of earnings used in the calculation is recurring adjusted net income (net income adjusted for non-recurring items and forex gains/ losses) for the last 12 months (LTM net income). The resulting fair value of equity is apportioned between Georgia Capital and other shareholders of the company being valued.Fair valuation of equity using peer multiples can be used for businesses within financial sector (e.g. insurance companies).

Discounted cash flow

Under the Discounted Cash Flow ("DCF") valuation method, fair value is estimated by deriving the present value of the business using reasonable assumptions of expected future cash flows and the terminal value and date, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the business. The discount rate is estimated with reference to the market risk-free rate, a risk adjusted premium and information specific to the business or market sector. DCF is mostly used to estimate fair value of project-based cash-flow driven businesses.

Net Asset Value

The net assets methodology (NAV) involves estimating fair value of equity investment in private portfolio company as its book value at reporting date. This method is appropriate for businesses whose value derives mainly from the underlying value of its assets and the assets are already carried at their fair value (usually fair valuation of assets is performed by professional third-party valuers) on the balance sheet.

Price of recent investment

The price of a recent investment, if resulting from an orderly transaction, generally represents fair value as of the transaction date. At subsequent measurement dates, the price of a recent investment may be an appropriate starting point for estimating fair value. However, adequate consideration must be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the investee company. The valuer should assess at each measurement date whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value.

Validation

Fair value of investment estimated using one of the valuation methods described above is triangulated using several other valuation methods as follows:

- Listed peer group multiples – peer multiples such as P/E, P/B (price to book) and dividend yield are applied to respective metrics of the investment being valued. We develop fair value range based on these techniques and analyse whether fair value estimated above falls within this range.
- Discounted cash flow (DCF) – Discounted cash flow valuation method is used to determine fair value of equity investment. Under discounted cash flow analysis unobservable inputs are used, such as estimates of probable future cash flows and internally-developed discounting rate of return. Based on DCF, we might make upward or downward adjustment to the value of valuation target as derived from primary valuation method. If fair value estimated using discounted cash flow analysis significantly differs from the fair value estimate derived using primary valuation method, the difference is examined thoroughly, and judgement is applied in estimating fair value at the measurement date.

(Thousands of Georgian Lari)

11. Fair Value Measurement (continued)

Valuation process for Level 3 valuations

Georgia Capital's Management Board proposes fair value to be placed at each reporting date to the Audit and Valuation Committee. Audit and Valuation Committee is responsible for the review and approval of fair values of investments at the end of each reporting period.

Fair values of investments in private companies is assessed internally in accordance with Georgia Capital's valuation methodology by Valuation Workgroup.

Description of significant unobservable inputs to level 3 valuations

The approach to valuations as of 30 June 2020 was consistent with the Group's valuation process and policy. Key focus of the valuations at 30 June 2020 was an assessment of the impact of the COVID-19 pandemic on each portfolio company. Management continues to monitor the impact that the COVID-19 pandemic has on the valuation of portfolio companies.

The following tables show descriptions of significant unobservable inputs to level 3 valuations of investments in subsidiaries:

30 June 2020 (unaudited)

Description	*Valuation technique*	*Unobservable input*	*Range*	*Fair value*
Loans Issued	DCF	Discount rate	9%-12%	*133,342*
Equity investments at fair value				
Late stage				*606,911*
Water utility	EV/EBITDA	EV/EBITDA multiple of peers	9.2x-10.9x	*438,989*
Housing Development	DCF	Cashflow probability Revenue per sq.meter Cost per sq.meter Terminal growth rate Discount rate	90%-100% 2,390-4,009 1,997-3,688 3%-5% 11.5%-13.5%	*22,551*
P&C insurance	P/E	P/E multiple of peers	6.8x-10.1x	*145,371*
Early stage				*463,839*
Renewable energy	SOTP (Cost and EV/EBITDA	EV/EBITDA multiple	9.9x-18.3x	*184,717*
Hospitality & Commercial RE	NAV	Multiple	1.0x	*138,330*
Beverages	EV/EBITDA / EV/Sales	EV/EBITDA / EV/Sales multiple of peers	6.4x-13.3x 1.2x-4.3x	*60,063*
Education	EV/EBITDA	EV/EBITDA multiple of peers	6.7x-21.0x	*80,729*
Pipeline				*25,639*
Auto service	EV/EBITDA	EV/EBITDA multiple of peers	5.7x-17.8x	*15,049*
Digital services	*Recent transaction price*	*Recent transaction price*	*n/a*	*8,790*
Other	*Recent transaction price*	*Recent transaction price*	*n/a*	*1,800*

(Thousands of Georgian Lari)

11. Fair Value Measurement (continued)

Description of significant unobservable inputs to level 3 valuations (Continued)

31 December 2019

Description	*Valuation technique*	*Unobservable input*	*Range*	*Fair value*
Loans Issued	DCF	Discount rate	9%-12%	*117,506*
Call option	Binomial option valuation method	EBITDA growth rate	1%-7%	469
Equity investments at fair value				
Late stage				*692,746*
Water utility	EV/EBITDA	EV/EBITDA multiple of peers	7.9x-11.0x	*483,970*
		Cashflow probability	70%-100%	
Housing Development	DCF	Revenue per sq.meter	1,832 - 4,511	*43,853*
		Cost per sq.meter	1,333 - 3,563	
P&C insurance	P/E	P/E multiple of peers	6.6x-12.3x	*164,923*
Early stage				*439,478*
Renewable energy	Recent transaction price	Recent transaction price	n/a	*106,800*
RE *Hospitality & Commercial*	NAV	Multiple	1x	*245,558*
Beverages	EV/EBITDA / EV/Sales	EV/EBITDA / EV/Sales multiple of peers	8.6x-13.8x 1.3x-3.9x	*87,120*
Pipeline				*91,427*
Education	*Recent transaction price*	*Recent transaction price*	*n/a*	*56,316*
Auto service	EV/EBITDA	EV/EBITDA multiple of peers	6.6x-15.4x	*25,757*
Digital services	*Recent transaction price*	*Recent transaction price*	*n/a*	*8,790*
Other	*Recent transaction price*	*Recent transaction price*	*n/a*	*564*

The Education and Renewable businesses were valued at recent transaction price as at 31 December 2019. Changes in the valuation methodology relating to the Education business and certain components of the Renewable business have been applied in this reporting period. These changes reflect IPEV valuation guidelines, the passage of time since the transaction and the impact of changes made post investment. Consequently, as of 30 June 2020, the Education business is valued using an EV/EBITDA multiple, whilst the Renewables business is valued on the basis of sum of the parts (recent transaction price and EV/EBITDA multiple).

The fair value of investment property held by Hospitality and Commercial business is estimated by independent third party valuers. COVID-19 has led to disruption across many markets with falls in value across many real estate sectors and a heightened degree of uncertainty in the determination of asset values. Consequently, the independent third party valuation contains the following material uncertainty statement in line with Royal Institution of Chartered Surveyors' (RICS) guidance which indicates that less certainty and a higher degree of caution should be attached to the valuation of investment property than would normally be the case.

If, following a decrease in market rent prices, average daily rates and occupancy rates or increase in market yields, NAV of the hospitality and commercial real estate business as at 30 June 2020 decreased by 10%, the value of equity investments at fair value would decrease by GEL 14 million or 1%. Opposite movements in the real estate valuation inputs resulting in NAV increase by 10% as at 30 June 2020 would result in an increase in the value of equity investments at fair value of GEL 14 million or 1%.

(Thousands of Georgian Lari)

11. Fair Value Measurement (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

In order to determine reasonably possible alternative assumptions the Group adjusted key unobservable model inputs. The Group adjusted the inputs used in valuation by increasing and decreasing them by 10%, which is considered by the Group to be within a range of reasonably possible alternatives based on the earnings multiples used across peers.

If the interest rate for each individual loan issued to subsidiaries as at 30 June 2020 decreased by 20%, the amount of loans issued would have decreased by GEL 1,271 or 0.95%. If the interest rates increased by 20% then loans issued would have increased by GEL 1,277 or 0.96%.

If the peer multiple used to value each unquoted investment valued on an earnings multiple basis as at 30 June 2020 decreased by 10%, value of equity investments at fair value would decrease by GEL 147 million or 8%. If the multiple increased by 10% then the equity investments at fair value would increase by GEL 147 million or 8%.

If WACC used to value each unquoted investment valued using DCF decreased by 10%, the value of equity investments at fair value would increase by GEL 18 million or 1%. If the WACC increased by 10% then the equity investments at fair value would decrease by GEL 13 million or 1%.

If the multiple used to value each unquoted investment valued on NAV and recent transaction price basis (except for Hospitality and Commercial business) as at 30 June 2020 decreased by 10%, value of equity investments at fair value would decrease by GEL 12 million or 1%. If the multiple increased by 10% then the equity investments at fair value would increase by GEL 12 million or 1%.

11. Maturity Analysis

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

	30 June 2020 (unaudited)			*31 December 2019*		
	Less than 1 Year	*More than 1 Year*	*Total*	*Less than 1 Year*	*More than 1 Year*	*Total*
Cash and cash equivalents	84,626	-	84,626	117,215	-	117,215
Marketable securities*	35,207	-	35,207	62,493	-	62,493
Accounts receivable	39	-	39	1,176	-	1,176
Prepayments	897	-	897	384	-	384
Loans issued	50,476	82,866	133,342	75,363	76,521	151,884
Property and equipment	-	521	521	-	580	580
Intangible assets	-	109	109	-	122	122
Other assets	7,073	143	7,216	5,471	1,049	6,520
Equity investments at fair value	-	1,826,458	1,826,458	-	2,251,465	2,251,465
Total assets	**178,318**	**1,910,097**	**2,088,415**	**262,102**	**2,329,737**	**2,591,839**
Accounts Payable	367	-	367	1,284	-	1,284
Debt securities issued	16,713	870,054	886,767	15,860	810,092	825,952
Other liabilities	2,116	178	2,294	5,485	921	6,406
Total liabilities	**19,196**	**870,232**	**889,428**	**22,629**	**811,013**	**833,642**
Net	**159,122**	**1,039,865**	**1,198,987**	**239,473**	**1,518,724**	**1,758,197**

(Thousands of Georgian Lari)

12. Related Party Disclosures

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties are conducted on an arm's length basis.

The volumes of related party transactions, outstanding balances at period/year end, and related expenses and income for the period are as follows:

	30 June 2020 (unaudited)		*31 December 2019*	
	Management*	***Subsidiaries*****	***Management****	***Subsidiaries*****
Assets				
Marketable securities	-	17,251	-	22,393
Prepayments	-	-	-	103
Loans issued	-	133,342	-	117,506
Other assets	-	5,203	-	5,313
	-	**155,796**	**-**	**145,315**
Liabilities				
Accounts Payable	-	269	-	125
Debt securities issued	4,583	-	6,051	-
Financial guarantees provided (notional value)	-	63,762	-	59,376
Other liabilities	-	241	-	2,474
	4,583	**64,272**	**6,051**	**61,975**

	30 June 2020 (unaudited)	
	Management*	***Subsidiaries*****
Income and expenses		
Administrative expenses	-	(379)
Net foreign currency (loss)	-	(1,006)
Interest income	-	8,363
Interest expense	(299)	(11)
	(299)	**6,967**

** Management of JSC Georgia Capital as at and for the six months ended 30 June 2020 consist of 4 executives and 6 members of supervisory board (31 December 2019 and 30 June 2019: 5 executives and 6 members of supervisory board).*
*** Subsidiaries comprise of investees of JSC Georgia Capital.*

Compensation of key management personnel comprised the following:

	30 June 2020 (unaudited)	**30 June 2020 (unaudited)**
Salaries and other benefits	(1,380)	(1,275)
Share-based payments compensation	(5,034)	(6,134)
Non-recurring expense*	(3,222)	-
Total key management compensation	**(9,636)**	**(7,409)**

*The amount represents termination benefit of one of the Company's key management personnel.

Key management personnel do not receive cash settled compensation, except for fixed salaries. The major part of the total compensation is share-based. The number of key management personnel at 30 June 2020 was 9 (31 December 2019: 10).

(Thousands of Georgian Lari)

13. Events after the Reporting Period

Share exchange offer for Georgia Healthcare Group PLC

On 19 May 2020 the board of directors of Georgia Capital PLC and the Independent Directors of Georgia Healthcare Group PLC ("GHG") announced that they had reached agreement on the terms of a recommended share exchange offer to be made by GCAP PLC for the entire issued or to be issued share capital of GHG not already owned by Georgia Capital (the Offer).
On 8 July 2020, GCAP PLC announced that the Offer had been declared unconditional in all respects.

As at 16 July 2020, valid acceptances had been received from GHG Shareholders in respect of a total of 35,270,364 shares, representing c. 26.8% of the issued share capital of GHG.

Accordingly, the acceptances received, when aggregated with Georgia Capital's existing interest in GHG, resulted in Georgia Capital holding 128,281,778 GHG Shares (representing 97.41% of the issued share capital of GHG). Since Georgia Capital acquired more than 90 per cent of the GHG shares to which the Offer related, Georgia Capital implemented the compulsory acquisition procedure to acquire the remaining GHG shares and obtained 100% ownership in GHG. On 5 August 2020, the Financial Conduct Authority has cancelled the listing of GHG Shares and the London Stock Exchange has cancelled the trading of GHG Shares.

As of 2 September 2020 100% of GHG shares are held by JSC Georgia Capital following their contribution by Georgia Capital PLC in exchange for 1,289,962 shares issued by JSC Georgia Capital.

Sale of HTMC Hospital by Healthcare business of Georgia Capital

On 19 August 2020, GHG signed a Sales and Purchase Agreement to sell 40% equity interest in High Technology Medical Centre University Clinic ("HTMC" or the "Hospital"), in which it owned 50% as at 30 June 2020, to Tbilisi State Medical University (the "Sale"). Total cash consideration for the Sale, which is subject to regulatory approvals, is USD 12 million (GEL 36.8 million).