JSC GEORGIAN RENEWABLE POWER COMPANY

Unaudited interim condensed consolidated financial statements

30 June 2019

CONTENTS

Building a better working world

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Report on Review of Interim Condensed Consolidated Financial Information

To the Management and Shareholders of
JSC Georgian Renewable Power Company

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC Georgian Renewable Power Company and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated statements of profit or loss and other 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.

Marchello Gelashvili
On behalf of EY LLC

Tbilisi, Georgia
6 September 2019

A member firm of Ernst & Young Global Limited

Interim consolidated statement of financial position

As at 30 June 2019

(Amounts expressed in thousands of Georgian Lari)

	Note	30 June 2019 (unaudited)	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	4	181,669	114,457
Other non-current assets	6	4,461	42,160
Total non-current assets		**186,130**	**156,617**
Current assets			
Trade and other receivables		1,792	19
Other current assets	7	1,624	1,596
Prepaid VAT		1,622	2,147
Cash and cash equivalents	5	20,892	8,388
Total current assets		**25,930**	**12,150**
Total assets		**212,060**	**168,767**
Equity			
Share capital	8	97,985	95,593
Accumulated deficit		(4,090)	(3,046)
Share discount		(2,457)	(2,457)
Other reserves	8	10,520	4,065
Equity attributable to the owners of the parent		**101,958**	**94,155**
Non-controlling interests		25	27
Total equity		**101,983**	**94,182**
Liabilities			
Non-current liabilities			
Borrowings	9	101,803	66,552
Deferred income		1,403	1,311
Total non-current liabilities		**103,206**	**67,863**
Current liabilities			
Borrowings	9	5,237	4,254
Trade and other payables		1,253	1,719
Derivative financial liabilities		–	718
Lease liabilities		350	–
Provisions for liabilities and charges		31	31
Total current liabilities		**6,871**	**6,722**
Total liabilities		**110,077**	**74,585**
Total liabilities and equity		**212,060**	**168,767**

Approved for issue and signed on behalf of Management on 6 September 2019:

Avtandil Namicheishvili
Director

Nana Mshvidobadze
Financial Manager

The accompanying notes on pages 5 to 14 are an integral part of these interim condensed consolidated financial statements.

Interim consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2019

(Amounts expressed in thousands of Georgian Lari)

	Note	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited, not reviewed)
Revenue from electric power sales	10	2,395	–
Total revenue		2,395	–
Electricity and transmission costs		(20)	–
Salaries and other employee benefits		(220)	(134)
Other general and administrative expenses		(592)	(193)
Other operating expenses		(79)	(76)
EBITDA		1,484	(403)
Depreciation and amortization	4	(898)	(161)
Finance income		111	55
Finance costs	9	(1,608)	(9)
Net foreign exchange gains/(losses)		16	(313)
Non-recurring items	11	(151)	338
Loss before income tax		(1,046)	(493)
Income tax expense		–	–
Loss for the year		(1,046)	(493)
Attributable to:			
Owners of the parent		(1,044)	(494)
Non-controlling interests		(2)	1
Other comprehensive income			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)			
Gain/(loss) from currency translation differences		6,455	(1,315)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		5,409	(1,808)
Other comprehensive income/(loss) for the year, net of tax		5,409	(1,808)
Total comprehensive income/(loss) for the year, net of tax		5,409	(1,808)
Attributable to:			
Owners of the parent		5,411	(1,809)
Non-controlling interests		(2)	1

The accompanying notes on pages 5 to 14 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

(Amounts expressed in thousands of Georgian Lari)

	Attributable to the owners of the parent						
	Share capital	Share discount	Accumulated deficit	Other reserves	Total	Non-controlling interests	Total equity
Balance as at 31 December 2018	95,593	(2,457)	(3,046)	4,065	94,155	27	94,182
Loss for the period	–	–	(1,044)	–	(1,044)	(2)	(1,046)
Foreign currency translation reserve	–	–	–	6,455	6,455	–	6,455
Total comprehensive income for the period	–	–	(1,044)	6,455	5,411	(2)	5,409
Issue of share capital of Parent (Note 8)	2,392	–	–	–	2,392	–	2,392
Balance as at 30 June 2019 (unaudited)	97,985	(2,457)	(4,090)	10,520	101,958	25	101,983

	Attributable to the owners of the parent						
	Share capital	Share discount	Accumulated deficit	Other reserves	Total	Non-controlling interests	Total equity
Balance as at 31 December 2017	28,884	(2,457)	(2,159)	2,369	26,637	31	26,668
Loss for the period (unaudited)	–	–	(494)	–	(494)	1	(493)
Foreign currency translation reserve	–	–	–	(1,315)	(1,315)	–	(1,315)
Total comprehensive loss for the period	–	–	(494)	(1,315)	(1,809)	1	(1,808)
Issue of share capital of Parent (unaudited)	5,361	–	–	–	5,361	–	5,361
Balance as at 30 June 2018 (unaudited, not reviewed)	34,245	(2,457)	(2,653)	1,054	30,189	32	30,221

The accompanying notes on pages 5 to 14 are an integral part of these interim condensed consolidated financial statements.

Interim consolidated statement of cash flows

For the six months ended 30 June 2019

(Amounts expressed in thousands of Georgian Lari)

	Note	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited, not reviewed)
Cash flows from operating activities			
Loss before income tax		(1,046)	(493)
Adjustments for:			
Depreciation and amortisation		898	161
Net foreign exchange (gains)/losses		(16)	313
Non-recurring items	11	151	(338)
Finance income		(111)	(55)
Finance costs		1,608	9
Operating cash flows before working capital changes		1,484	(403)
Change in trade and other receivables		(1,773)	(25)
Change in prepaid taxes other than income tax		546	(852)
Change in other current assets		(28)	(30)
Interest received		111	55
Net cash from / (used in) operating activities		340	(1,255)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(19,506)	(18,813)
Net cash used in investing activities		(19,506)	(18,813)
Cash flows from financing activities			
Proceeds from borrowings	9	28,176	21,666
Repayment of borrowings		–	(3,389)
Loans issued		(577)	–
Increase in share capital		2,415	5,441
Net cash from financing activities		30,014	23,718
Effect of exchange rate changes on cash and cash equivalents		1,655	(612)
Net increase in cash and cash equivalents		12,503	3,038
Cash and cash equivalents at 1 January		8,388	8,298
Cash and cash equivalents at 30 June		20,891	11,336

(Amounts expressed in thousands of Georgian Lari)

1. CORPORATE INFORMATION

JSC Georgian Renewable Power Company (the "Company" or "GRPC") was founded in 2015 as a joint stock company in accordance with Georgian regulations.

The Company is a holding parent company and consolides the following subsidiaries in its financial statements:

		Proportion of ownership interest	
Name	Country of operation	30 June 2019	31 December 2018
JSC Svaneti Hydro	Georgia	100%	100%
JSC Geo Hydro	Georgia	85%	85%
JSC Zoti Hydro	Georgia	100%	100%
JSC Caucasian Wind Company	Georgia	100%	100%
JSC Caucasus Solar Company	Georgia	100%	100%

The Company, together with its subsidiaries, makes a group of companies (the "Group").

The Group is engaged in development of renewable energy projects in Georgia. In second quarter of 2019 the Group completed construction of 50 mw Mestiachala hydro power plants ("HPPs") in the north-western part of Georgia, while construction of 46.0 mw Zoti HPPs in the western part of Georgia will commence in the third quarter of 2019.

As at 30 June 2019 and 31 December 2018, 65% of the Company's shares were owned by JSC Georgia Capital, the ultimate parent of which is Georgia Capital PLC ("GCAP"). As at 30 June 2019 and 31 December 2019, 35% of the Company's shares were owned by RP Global Investments GmbH ("RP Global"), which is ultimately controlled by Dr. Gerhard Matzinger and the family.

The Company's legal address is N 79, Agmashenebeli Ave., Tbilisi, Georgia.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended 30 June 2019 were prepared in accordance with International Accounting Standard (IAS 34) Interim Financial Reporting, and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") effective for 2019 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 estimates 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 2018. The Group did not present interim financial information for the six months ended 30 June 2018.

(Amounts expressed in thousands of Georgian Lari)

2. Basis of preparation (continued)

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 2018, signed and authorized for release on 11 April 2019.

The interim condensed consolidated financial statements are presented in Georgian Lari (the "GEL") and all values are rounded to the nearest thousands, unless otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of new or revised standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases, and as required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee ecognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors continues to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17.

(Amounts expressed in thousands of Georgian Lari)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new or revised standards and interpretations (continued)

Transition to IFRS 16

The Group adopted IFRS 16 using modified retrospective approach. The Group recognized cumulative catch-up adjustment on 1 January 2019 without the restatement of prior period comparative financial information. At transition, the Group recognised a lease liability for leases previously classified as an operating lease applying IAS 17. Lease liability is measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Only the lease payments specified in IFRS 16 are included in the recognised lease liability. Variable lease payments that do not depend on an index or a rate and are not in-substance fixed, such as those based on the performance or usage of the underlying asset, are not reflected in the recognised lease liability. The Group also recognised a right-of-use asset for such leases at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The effect of adoption IFRS 16 is as follows:

Impact on the statement of financial position as at 1 January 2019:

	1 January 2019
Property, plant and equipment (right-of-use assets)	364
Total assets	364
Lease liabilities	364
Total liabilities	364

The weighted average incremental borrowing rate was 11% for lease payments in GEL.

There is no impact on statement of cash flows, statement of profit or loss and other comprehensive income and statement of changes in equity.

Impact on the statement of profit or loss (increase/(decrease)) for the six months ended 30 June 2019:

Rent expense (included in Other operating expenses)	(11)
Net effect on EBITDA for the period ended 30 June 2019	(11)
Depreciation expense	9
Finance costs	(18)
Loss for the period ended 30 June 2019	(20)
Attributable to:	
Owners of the parent	(13)
Non-controlling interests	(7)

(Amounts expressed in thousands of Georgian Lari)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new or revised standards and interpretations (continued)

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

- Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

- Lease liabilities

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group elected to use the exemptions proposed by the standard and therefore not to record right-of-use assets and lease liabilities on lease contracts for which the lease terms ends within 12 months for leased vehicles and equipment and lease contracts for which the underlying asset is of low value.

The following standards/interpretations relevant to the Group's activities that became effective on 1 January 2019 had no impact on the Group's consolidated financial position or results of operations:

1) Amendments to IFRS 9 Prepayment Features with Negative Compensation
2) Annual improvements to IFRSs 2015-2017 cycle: IAS 23 Borrowing Costs.

(Amounts expressed in thousands of Georgian Lari)

4. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the period ended 30 June 2019 were as follows:

	Infrastructure assets	Fixtures and fittings	Assets under construction	Vehicles	Right-of-use assets	Land	Total
Historical cost							
31 December 2018	2,795	146	112,581	200	–	423	116,145
Additions	155	56	52,419	723	364	88	53,805
Transfers to (from) other account	152,625	–	(152,625)	–	–	–	–
Disposals	(188)	–	–	–	–	–	(188)
Translation	19,457	14	(5,015)	37	26	38	14,557
30 June 2019 (unaudited)	174,844	216	7,360	960	390	549	184,319
Accumulated depreciation and impairment							
31 December 2018	(1,086)	(22)	(539)	(41)	–	–	(1,688)
Depreciation charge	(843)	–	–	(28)	(9)	–	(880)
Disposals	31	–	–	–	–	–	31
Translation	(73)	(1)	(36)	(3)	–	–	(113)
30 June 2019 (unaudited)	(1,971)	(23)	(575)	(72)	(9)	–	(2,650)
Net book value							
31 December 2018	1,709	124	112,042	159	–	423	114,457
30 June 2019 (unaudited)	172,873	193	6,785	888	381	549	181,669

The movements in property, plant and equipment during the period ended 30 June 2018 were as follows:

	Infrastructure assets	Fixtures and fittings	Assets under construction	Vehicles	Land	Total
Historical cost 31 December 2017	1,828	33	47,150	95	388	49,494
Additions	311	14	25,703	24	–	26,052
Translation	(99)	(2)	(2,557)	(5)	(21)	(2,684)
30 June 2018 (unaudited, not reviewed)	2,040	45	70,296	114	367	72,862
Accumulated depreciation and impairment						
31 December 2017	(910)	(8)	(536)	(15)	–	(1,469)
Depreciation charge	(142)	(4)	–	(12)	–	(158)
Translation	68	–	29	1	–	98
30 June 2018 (unaudited, not reviewed)	(984)	(12)	(507)	(26)	–	(1,529)
Net book value						
31 December 2017	918	25	46,614	80	388	48,025
30 June 2018 (unaudited, not reviewed)	1,056	33	69,789	88	367	71,333

(Amounts expressed in thousands of Georgian Lari)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Infrastructure assets mainly comprise of the turbine-generators, intakes and reservoirs for Svaneti Hydro HPPs, as well as measurement masts required for wind projects and water – flow measurement stations.

Assets under construction are mainly related to civil works carried out on Mestiachala HPPs.

During the second quarter of 2019, the majority of assets under construction have been transferred to infrastructure assets as the Mestiachala HPPs were commissioned during the period.

5. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents increased significantly during the period ended 30 June 2019, caused mainly by the increase is funds mobilised for Zoti HPPs construction, which should start in the third quarter of 2019.

6. OTHER NON-CURRENT ASSETS

	30 June 2019 (unaudited)	31 December 2018
Pre-payments for non-current assets	4,397	42,092
Intangible assets	40	45
Other non-current assets	24	23
Total other non-current assets	4,461	42,160

As at 30 June 2019 and 31 December 2018, pre-payments for non-current assets mainly comprise of payments to suppliers of hydro-mechanical equipment and turbine generators in relation to construction of Mestiachala HPPs, which were comissioned in the first half of 2019. After the commissioning has happened, the prepayments attributable to the Mestiachala Hydro Power Plants have been reclassified to the property plant and equipment.

7. OTHER CURRENT ASSETS

	30 June 2019 (unaudited)	31 December 2018
Pre-payments	880	802
Derivative financial assets	–	645
Loans issued	744	149
Total other current assets	1,624	1,596

(Amounts expressed in thousands of Georgian Lari)

8. EQUITY

Share capital

Authorized share capital of the Company comprised of 39,000 thousand and 38,000 thousand ordinary shares as of 30 June 2019 and 31 December 2018, respectively. Each share has a nominal value of 1 (one) USD. 38,174 and 37,273 thousand shares were issued and fully paid as of 30 June 2019 and 31 December 2018, respectively.

As at 30 June 2019 and 31 December 2018, the Company had fully contributed share capital of GEL 97,985 and GEL 95,593 , respectively.

Issued and fully paid shares in thousands	30 June 2019 (unaudited)		31 December 2018	
	Number	Amount	Number	Amount
Georgia Capital JSC	24,813	63,691	24,228	62,136
RP Global	13,360	34,294	13,045	33,457
Total	38,173	97,985	37,273	95,593

In 2019, the Company issued 900 thousand shares with the nominal value of 1 (one) USD per share for cash consideration of GEL 2,392.

Other reserves

Other reserves comprise of unrealised gains/(losses) from dilution or sale/acquisition of shares in existing subsidiaries, and foreign currency translation reserve. The significant increase in other reserves during the period ended 30 June 2019 is caused by the devaluation of presentation currency (GEL) against the functional currency (USD). The official National Bank of Georgia exchange rates as at 30 June 2019 and 31 December 2018 were GEL 2.8687 and GEL 2.6766 to 1 USD , respectively.

9. BORROWINGS

The Group’s borrowings include:

- USD denominated loan from Georgian financial institution with floating interest rate. In January 2019, amendment to the existing contract was formed increasing the maturity of the loan from 1 November 2029 to 25 January 2034 and increasing of principal amount from USD 33 million to USD 40 million.
- GEL denominated loan from Georian financial institution with floating interest rate. The loan matures on 1 November 2019.

10. REVENUE FROM ELECTRIC POWER SALES

In April 2019, the Group commissioned the first phase (30MW) of Mestiachala HPP, while the reimaining part (20 mw) was launched in June 2019. Up to 30 June 2019, the total generated electricity amounted to 28,118 kwh.

(Amounts expressed in thousands of Georgian Lari)

11. NON-RECURRING ITEMS

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited, not reviewed)
Gain on insurance reimbursement on flood event	–	1,046
Loss on reimbursement of insurance on damaged measurement masts	–	(464)
Accelerated employee share based compensation	–	(244)
Other non-recurring expenses	(151)	–
Total non-recurring items	(151)	338

Other non-recurring expenses incurred during the period ended 30 June 2019 relate to the damage and write off of measurement masts required for wind projects. The met masts with the gross book value of GEL 188 have been written off in April 2019 (Note 4).

12. COMMITMENTS AND CONTINGENCIES

Commitments

In 2014, JSC Svaneti Hydro signed the Memorandum of Understanding with the Government of Georgia, JSC Georgian State Electrosystem, JSC United Energy System Sakrusenergo, JSC Electricity System Commercial Operator and LLC Energotrans in regards to construction of Mestiachala HPPs, with a total installed capacity of 50MW. Based on the document, JSC Svaneti Hydro commited to finish the construction of the Mestiachala 2 HPP and Mestiachala 1 HPP and commence the operations in 2019 and 2020, respectively. Both plants were commissioned in the second quarter of 2019, hence the above mentioned obligation was met.

Environmental matters

The enforcement of environmental regulation in Georgia is evolving and the enforcement position of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

13. RELATED PARTIES DISCLOSURE

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 disclosed below have been conducted on an arm's-length basis.

(Amounts expressed in thousands of Georgian Lari)

13. RELATED PARTIES DISCLOSURE (continued)

GCAP Group entities as at 30 June 2019 and 31 December 2018 are represented by members of GCAP.

RP Global entities are represented by RP Global Holding and RP GLOBAL Investments GmbH.

During the 1HY 2018 and 1HY 2019 the Group does not have any related party transactions towards RP Global Holding and RP Global Investments in tems of income and expenses.

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

	GCAP Group entities	GCAP Group entities	RP Global entities	
	30 June 2019 (unaudited)	31 December 2018	30 June 2019 (unaudited)	31 December 2018
Loan issued	570	–	–	–
Trade and other receivables	1,604	–	–	–
Other non-current assets	48	–	–	–
Property, plant and equipment	5,397	5,397	2,835	2,835
Total assets	7,619	5,397	2,835	2,835
Borrowings as at 1 January	–	34,221	–	18,341
Interest accrued and translation during the year	–	4,173	–	2,333
Conversion of loan into share capital	–	(38,394)	–	(20,674)
Borrowings as at 31 December	–	–	–	–
Trade and other payables	(29)	–	–	–
Total liabilities	(29)	–	–	–

	GCAP Group entities	GCAP Group entities	GCAP Group entities
	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited, not reviewed), (A)[1]	For the six months ended 30 June 2018 (unaudited, not reviewed), (B)[1]
Income and expenses			
Revenue from electric power sales	2,038	–	–
Other general and administrative expenses	(52)	(9)	(43)

1. On 29 May 2018, BGEO Group PLC completed demerger of its business activities into a London-listed banking business, Bank of Georgia Group PLC, and a London-listed investment business, Georgia Capital PLC. Column A includes income and expenses related to the entities of GCAP Group, column B includes income and expenses related to the entities of Bank of Georgia Group, which demerged from GCAP on 29 May 2018.

(Amounts expressed in thousands of Georgian Lari)

13. RELATED PARTIES DISCLOSURE (continued)

In 2019, the Group issued loan of GEL 570 to Georgia Energy Trading Company LLC ("GETC"), a newly established subsidiary of GCAP, a trading platform, which sells electric power bought from the Group to third parties on the open market.

Since May 2019, the Group started selling electric power to GETC, so the respective revenue from electric power sales and trade and other receivables are included in GCAP Group entities income and balances, respectively.

The Group does not have any income/expenses related to RP Global entities incurred during the periods ended 30 June 2019 and 2018.

Directors' compensation

The Group's key management personnel during the six months ended 30 June 2019 include three members of the Supervisory Board and members of management board. The members of the Supervisory Board do not get compensation from the Group. Compensation paid to key executive management personnel (includes the director of the Group and 4 members of management board) for their services in full time executive management positions is made up of salary, performance bonus depending on the performance of the Group other compensation in form of reimbursement of housing, business trips, communication and other costs. Total compensation paid to key management amounted to GEL 1,348 and GEL 992 for the six months ended 30 June 2019 and 2018, respectively, as follows:

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited, not reviewed)
Salaries	232	284
Bonuses	1,116	708
Total management compensation	1,348	992

14. EVENTS AFTER THE END OF REPORTING PERIOD

On 25 July 2019, a mudflow in Mestia (Svaneti, Georgia) in the valley of the Mestiachala river caused damage to the Mestiachala 1 and 2 HPPs and the surrounding infrastructure. Mestiachala 1 received the first and major hit of the wave and served as a deterrent of the stream. Currently, the Group is working on cleaning the area and estimating the damage.

The HPPs are insured with extensive insurance and the Group will start negotiations on reimbursement after having analysed the damage.

On 15 August 2019 the Group acquired 95% of shares of Bakhvi LLC, while the owner of 5% minority share is Georgian Hydro Power LLC. Bakhvi LLC owns rights for construction and operation of a hydropower plant with an installed capacity of 36 MW on the Bakhvistskali River, Ozurgeti municipality, Georgia.