



GEORGIAN STOCK MARKET REVIEW
(2006)

Content:

1. Summary results of 2006;
2. Georgian Stock Market of 2006 (Statistical picture);
3. Georgian Stock Market Review of 2006;
4. Georgian Stock Exchange Review of 2006;
5. Leading companies of 2006 and “Millionaires Club”;
6. The cases of Corporate Takeovers in 2006;
7. Analytical Review, Statistical Summary of 2000 – 2006 and Georgian Investment Group results;
8. Statistical Appendix.

Review done by GIG Research Department

Main Financial Indicators of Georgian Stock Market

(Summary results of 2006)

350 mln Gel (206 mln USD) money turnover took place in 2006 on Georgian Stock Market (**notice:** done by Georgian Brokerage Companies). 151 mln stocks were traded (83 mln stocks - off exchange transactions and 68 mln stocks via GSE) and 9250 deals were done. Such figures come from the Georgian Stock Exchange and OTC Market (deals done out of GSE) together.

We would like to mention the specific stocks transfer cases: Court decisions – 1393 deals and 73 mln stocks transferred, stocks transfer as the gifts – 123 deals on 40 mln stocks. In our opinion, such deals do not represent the activity of Stock Market and we do not include it to our Statistical Summary.

111 trading sessions were conducted on GSE during the 2006. 5553 deals were done, stocks turnover was equal to 68421921, volume - 169137895.16 GEL (100 mln USD). Totally, 91 JS companies stocks were traded compare with 31 companies traded in 2006.

Georgian Stock Market of 2006

(Statistical picture)

Categories	GSE (01.01.06– 01.01.07)	GSE (01.01.05– 01.01.06)	Growth %	OTC market (estimate figures)	Stock Market of 2006 (estimate figures)	Georgian Investment Group	Georgian Investment Group %
Turnover in Gel	169137895.16	62362181	271	180000000	350000000	148543706.15	42.44
Stock Turnover	68421921	32385702	211	82000000	151000000	27054414	18.0
Deals	5553	1358	409	3697	9250	6357	68.72

Georgian Stock Market Review of 2006

2006 showed the sharp growth tendency. We can say 2006 was the “awakening” year of Stock Market in Georgia. 111 trading sessions were conducted via GSE, daily stock average turnover per session was 616414 (327128 in 2005), cash daily average turnover was 1523765 Gel (629921 Gel in 2005). We would like to mention the impressive results of our company “Georgian Investment Group in 2006 despite the hard competition, which exceeded the civil forms from our competitors in 2006....: 42.44 % of the total money turnover, 18.00% of the total stocks trading and 68.72% of all the deals. As we see, “Georgian Investment Group” already the 6 consecutive years is the leading Brokerage Company of Georgia.

We would like to congratulate the brokerage company – “*Georgian Investment Group +*” (Director **Mrs. Nino Tandashvili**). Company was founded in 2005 and started the active operations just in the second half of 2006. Despite the short time – GIG+ - conducted 1225 deals (13% of market share), sold 5066329 stocks (3.35% of the whole market) and money turnover reached 9346417.9 (2.67% of the Market share). Due to the Summary results of 2006 – GIG+ occupied the 4th position on the Georgian Stock Market.

Georgian Stock Exchange

73% of the Georgian Stock Exchange stocks and 57% of money turnover goes on the JSC “United Telecommunication Company of Georgia”, 31.7% of money turnover were constituted by the trades on JSC “Bank of Georgia.

Just one off exchange deal - December 15, 2006 - JSC “United Telecommunication Company of Georgia”, but with obligatory fixation on GSE, covers 61.33% of all the stocks turnover of GSE and 53% of the total money turnover of Georgian Stock Exchange in 2006 (40% of UTC were transferred to another company and we mentioned that deal in our reviews).

Leading companies of 2006 and “Millionaires Club”

The main “market – driver” companies of 2006 are (“millionaires Club” – company, with 1 mln stocks or volume traded): JSC “United Telecommunication Company of Georgia” – 49757525 stocks were traded (73% of the total GSE market), JSC “Poti Ship Building” – 5395944 stocks were traded, JSC “Bank of Georgia” – 4285350 stocks were traded and JSC “Borjomi Mineral Water” – 1082177 stocks were traded.

Due to the money turnover, situation is the following: JSC “United Telecommunication Company of Georgia” – 96095825.02 Gel (57%), JSC “Bank of Georgia” – 53626287.80 Gel (31.7%), JSC “Poti Ship Building” – 3103102.08 Gel, JSC “ProcreditBank” obligations – 2283539.12 Gel, JSC “Borjomi Mineral Water” – 2212099.95 Gel, and JSC “Georgian Cable” – 1227005.54 Gel.

Due to the deals, the leading company’s structure is the following: JSC “United Telecommunication Company of Georgia” – 1954 deals (35% of GSE deals), JSC “Bank of Georgia” – 1831 deals (33%) and JSC “Universal Store Tbilisi” – 364 deals (6.55%).

The cases of Corporate Takeovers in 2006

The following JS companies faced the corporate takeovers during the 2006: JSC “Georgian Cable” – 127.5% stocks were traded (probably takeovers took at least twice), JSC “Krtsanisi 99” – 111.78 % stocks traded, JSC “Saqqalaqmshenproject” – 102.99 stocks traded, JSC “Borjomi Mineral Water” – 99.52% stocks traded, JSC “Samgori” – 97.50% stocks traded, JSC “Saq Lada” – 73.03% stocks traded, JSC “Kapmsheni” – 71.97% stocks traded, JSC “Laguna Vera” – 62.00% stocks traded, JSC “Ekran” – 59.64% stocks traded, JSC “Tbilisi Paper Factory” – 58.98%, JSC “Saqmsheneletro” – 54.89%, JSC “Kutaisi Auto Service” – 53.00%, JSC “Tolia” – 52.65%, JSC “Karavani” – 51.76%, JSC “United Telecommunication Company of Georgia” – 48.2%, JSC “Akhmeta Wine Factory” – 41.42%, JSC “Rustavi Gaz” – 37.3%, JSC “Poti Ship Building” – 36%, JSC “Golden Fleece” – 34.56%, JSC “Electrotechnical Factory” – 34.13%, JSC “Flats Construction” – 22.8%, JSC “Nino” – 20.17%, JSC “Pirimze” – 20%, JSC “Bank of Georgia” – 21.66%, JSC “Tbilabreshumi” – 16.5%, JSC “Perlit” – 15% and JSC “Saqtransproject” – 13.85%.

Analytical Review

2006 showed development trend on the market, but such increase was mostly concentrated into 2-3 stocks situations, rather the market one. 73% of all the stocks transactions and 57% of money turnover comes to UTC, 31.7% of money is the Turnover of GEB.

Due to the analyses of 2006 publicly open trade results, we can conclude the sharp decrease of demand toward Georgian productive fields of economy. Just couple of trades was conducted here: JSC “Borjomi Mineral Water”, JSC “Eniseli and Saradjishvili” and JSC “Akhmeta Wine Factory”. The main demand was fixed to the real estate and land assets companies.

Very interesting investment proposals appear on the market: JSC “Universal Store Tbilisi” – 90% - the best place in Georgia to buy and JSC “Temka Bread” -80% - the biggest bread production company in Georgia.

“Strange deals” of 2006

As in the previous times, we had a lot of “strange deals” in 2006, with unclear content....They are:

1. JSC “Saqqalaqmshenproject” – 97.5% were sold in 2006 for just 423523 Gel (250000 USD). The point is – the main asset of the company is 14 floors building in the center of Tbilisi, close Vake Park. The head office of JSC “People’s Bank” is located here. Price of that building is couple of millions USD at least, but truly not just 250000 USD.....
2. JSC “Bank of Georgia” – November 7, 2006 – 846864 stocks were sold via OTC with obligatory fixation on GSE at price of 7.39 Gel per stock! The current price was 20.25 Gel, so stocks were sold at 274%! Discount?!.....
3. JSC “United Telecommunication Company of Georgia” - stocks of UTC for a long period were traded at GSE in the condition of zero financial transparency: Neither National Commission, nor GSE had financial Statements of the company at all, but demand was high! Price “jumped” time to time from 0.20 to 1.05 up and down without any logical explanation. The most strange deal happened at the end of 2006 – 40% of UTC were transferred from one company to another (in our opinion to avoid Tender Offer). Price was fixed – 2.138 Gel per stock! That deal constituted 61.33% of all the stocks turnover and 53% of all the money turnover of GSE. Also, we want to notice – 1973 deals were conducted on UTC in 2006 (35% of GSE deals)...
4. JSC “Poti Ship Building Company” - 4465944 stocks were sold at price of 0.32 Gel per one, or 37.2%. In our view, it is not the real price of the company and JSC “Poti Ship Building Company” price is much more than the 2 mln USD totally.....
5. JSC “Rustavi Gas” – 37.3% were sold at the price of 28366 Gel (16000 USD). That company is the monopoly gas distribution in Rustavi (one of the biggest town in Georgia, close to Tbilisi). Of course, fully impossible to believe, that 37% of such company price is 16000 USD, its illogical and unreal price....
6. JSC “Georgia Lada” – the main asset is the big massive land in the suburb of Tbilisi. 73% were sold in 2006 at the price of 878496.9 Gel (520000 USD). Again, the fixed price is too low for such a good asset, especially in booming real estate time in Tbilisi....

**Georgian Stock Market
(2000 – 2006)**

Categories	2000	2001	2002	2003	2004	2005	2006
Turnover in Gel	8362947.55	42745209	38411353	115000000	122000000	100000000	350000000
Stock Turnover	7202151	24484074	21454842	65000000	85510783	74500000	151000000
Number of Deals	1508	3363	2147	2100	2397	2419	9250

**Georgian investment Group's Brokers activity
(2000 – 2006)**

Categories	2000	2001	2002	2003	2004	2005	2006
Turnover in Gel	2535653	31739163	9030429.6	62915916	66116340.42	39409894	148543706.1
Stock Turnover	1647927	14483652	9916595	29423247	26040728	24627820	5
Number of Deals	1093	2440	770	1284	1090	945	27054414 6357

**Georgian investment Group's Brokers activity in % of Total Market
(2000 – 2006)**

Categories	2000	2001	2002	2003	2004	2005	2006
Turnover in Gel	30.32	74.25	23.51	54.71	54.19	39.41	42.44
Stock Turnover	22.88	59.15	46.22	45.27	30.45	33.06	18.0
Number of Deals	72.48	72.55	35.86	61.14	45.47	39.07	68.72

Statistics
Trade summary for the period: 1/1/2006 - 1/1/2007

Sessions:	586 - 2013
Total Volume (shares):	68,421,921
Total Value (GEL):	169,137,895.16
Number of Trades:	5553
Number of Trading Days:	111
Daily Avg. Volume (shares):	616,414
Daily Avg. Value (GEL):	1,523,765
Exchange Rate (average):	1 USD = 1.7724 GEL



Tbilisi, GEORGIA

2006 Annual Review

2006 GSE deals in details

No	Issue	Trades	Low	High	Wegh.Avg.	Best Bid	Best Ask	Volume (shares)	Value (GEL)	DI. Avg.(shares)	DI. Avg.(GEL)
1.	#GEBON	41	100.000	105.210	102.074	105.210	100.000	6,112	623,873.27	55	5,620.48
2.	#PCBIT	13	807.630	941.580	908.329	941.580	807.630	2,514	2,283,539.12	23	20,572.42
3.	AEST	78	1.000	2.500	1.718	2.500	1.000	19,071	32,772.70	172	295.25
4.	AGVQ	9	0.250	1.800	1.168	1.800	0.250	374,067	436,822.95	3,370	3,935.34
5.	AKAT	9	0.300	0.320	0.310	0.320	0.300	19,746	6,121.26	178	55.15
6.	AMA	25	1.000	1.010	1.000	1.100	1.000	1,589	1,589.50	14	14.32
7.	AMB	105	0.600	1.100	0.871	1.100	0.600	122,965	107,140.69	1,108	965.23
8.	AROK	5	0.250	0.250	0.250	0.250	0.250	181,148	45,287.00	1,632	407.99
9.	AVSH	13	1.740	1.830	1.794	1.830	1.740	1,146	2,055.73	10	18.52
10.	AVSV	4	2.000	2.500	2.102	2.500	2.000	235	494.00	2	4.45
11.	BAGR	4	2.000	2.300	2.135	5.000	2.000	444	948.00	4	8.54
12.	BMIN	2	1.950	2.150	2.044	2.150	1.950	1,082,177	2,212,099.95	9,749	19,928.83
13.	BMSH	1	0.170	0.170	0.170	0.170	0.170	105,775	17,981.75	953	162.00
14.	BSK	20	40.000	55.000	54.532	55.000	40.000	9,842	536,702.00	89	4,835.15
15.	CHAR	1	0.700	0.700	0.700	0.700	0.700	68,195	47,736.50	614	430.06
16.	CSM	3	1.300	3.650	2.640	5.000	1.300	894	2,359.85	8	21.26
17.	DAMK	3	3.500	3.500	3.500	3.500	3.500	40	140.00	0	1.26
18.	DILA	7	0.180	0.180	0.180	0.180	0.180	29,572	5,322.96	266	47.95
19.	EKR	10	0.320	1.770	1.528	1.770	0.320	497,473	760,279.70	4,482	6,849.37
20.	ELDZ	1	1.000	1.000	1.000	1.000	1.000	14,669	14,669.00	132	132.15
21.	ELTQ	3	0.650	1.650	1.143	1.650	0.650	152,000	173,800.00	1,369	1,565.77
22.	ENIS	16	5.850	6.500	5.866	6.500	5.850	158,485	929,704.84	1,428	8,375.72

23. ETSH	1	1.850	1.850	1.850	1.850	1.850	1,815	3,357.75	16	30.25
24. GEB	1831	6.000	35.500	12.514	35.500	6.000	4,285,350	53,626,287.80	38,607	483,119.71
25. GIT	5	0.150	0.300	0.180	0.300	0.150	71,287	12,832.50	642	115.61
26. GLDN	1	1.900	1.900	1.900	1.900	1.900	500	950.00	5	8.56
27. GR92	2	1.400	1.400	1.400	1.400	1.400	3,459	4,842.60	31	43.63
28. GTC	309	0.600	1.502	0.713	2.000	0.600	398,201	284,061.21	3,587	2,559.11
29. HAJR	1	1.000	1.000	1.000	10.000	1.000	4,767	4,767.00	43	42.95
30. IAD	6	10.200	10.200	10.200	10.200	10.200	397	4,049.40	4	36.48
31. IMER	1	0.300	0.300	0.300	0.300	0.300	1,110	333.00	10	3.00
32. IND	41	0.100	0.100	0.100	0.100	0.100	210,240	21,027.24	1,894	189.43
33. ISSV	2	0.150	0.150	0.150	0.150	0.150	10,293	1,543.95	93	13.91
34. KAPM	12	1.800	1.800	1.800	1.800	1.800	61,208	110,174.40	551	992.56
35. KARA	3	0.290	0.290	0.290	0.290	0.290	90,000	26,100.00	811	235.14
36. KASR	5	0.100	0.100	0.100	0.100	0.100	78,587	7,858.70	708	70.80
37. KAZB	13	5.000	7.510	6.985	15.000	5.000	30,075	210,066.40	271	1,892.49
38. KCON	1	0.100	0.100	0.100	0.100	0.100	3,147	314.70	28	2.84
39. KR99	13	0.650	9.120	5.209	9.120	0.650	413,095	2,151,961.66	3,722	19,387.04
40. KRT1	1	1.000	1.000	1.000	1.000	1.000	1,388	1,388.00	13	12.50
41. KSK	1	0.100	0.100	0.100	0.100	0.100	8,556	855.60	77	7.71
42. KTST	10	1.000	1.000	1.000	1.000	1.000	2,846	2,846.00	26	25.64
43. KVI	1	5.000	5.000	5.000	5.000	5.000	5	25.00	0	0.23
44. LINV	18	1.500	1.900	1.775	1.900	1.500	269	477.53	2	4.30
45. MACN	8	6.000	6.000	6.000	7.000	6.000	2,323	13,938.00	21	125.57
46. MAM	2	0.150	0.150	0.150	0.150	0.150	74,132	11,119.80	668	100.18
47. MASP	2	1.000	1.000	1.000	1.000	1.000	46	46.00	0	0.41
48. ME92	5	1.000	1.000	1.000	1.000	1.000	17,823	17,823.00	161	160.57
49. NINO	4	0.400	0.500	0.479	0.500	0.400	50,886	24,384.00	458	219.68
50. OQSA	1	0.300	0.300	0.300	0.300	0.300	80,565	24,169.50	726	217.74
51. ORBT	1	3.600	3.600	3.600	3.600	3.600	342	1,231.20	3	11.09

52. OXIN	1	4.360	4.360	4.360	4.360	4.360	297	1,294.92	3	11.67
53. PERL	1	0.350	0.350	0.350	0.350	0.350	77,597	27,158.95	699	244.68
54. PIRM	3	0.200	0.200	0.200	0.200	0.200	87,080	17,416.00	785	156.90
55. POGM	3	0.320	1.800	0.575	1.800	0.320	5,395,944	3,103,102.08	48,612	27,955.87
56. PTTS	22	1.740	1.800	1.769	1.800	1.740	3,622	6,406.98	33	57.72
57. REAQ	104	3.640	3.650	3.640	3.650	3.640	23,091	84,051.43	208	757.22
58. RUCE	1	1.100	1.100	1.100	1.100	1.100	197	216.70	2	1.95
59. RUGA	2	0.300	0.300	0.300	0.300	0.300	94,552	28,365.60	852	255.55
60. SAMG	2	1.000	1.000	1.000	1.000	1.000	226,762	226,762.00	2,043	2,042.90
61. SAQK	3	1.311	1.311	1.311	1.311	1.311	935,931	1,227,005.54	8,432	11,054.10
62. SAVI	4	2.000	2.000	2.000	2.000	2.000	1,986	3,972.00	18	35.78
63. SEM	10	0.300	0.500	0.412	0.500	0.300	93,388	38,515.04	841	346.98
64. SLAD	33	0.250	0.980	0.916	0.980	0.250	959,469	878,496.90	8,644	7,914.39
65. SMEL	5	2.500	2.500	2.500	2.500	2.500	378,720	946,800.00	3,412	8,529.73
66. SOPM	2	5.100	5.100	5.100	5.100	5.100	29,458	150,235.80	265	1,353.48
67. SQMP	4	1.750	27.000	1.928	27.000	1.750	255,589	492,744.75	2,303	4,439.14
68. SSBS	7	125.000	500.000	477.273	500.000	125.000	33	15,750.00	0	141.89
69. SSM	1	5.000	5.000	5.000	5.000	5.000	13,821	69,105.00	125	622.57
70. STLM	38	0.300	0.500	0.473	0.500	0.300	13,756	6,501.90	124	58.58
71. STP	11	5.070	13.330	5.423	13.330	5.070	23,786	128,987.78	214	1,162.05
72. STSP	38	5.000	7.000	5.691	7.000	5.000	2,613	14,871.00	24	133.97
73. TABR	16	0.120	0.640	0.349	0.640	0.120	401,750	140,171.42	3,619	1,262.81
74. TBGV	3	2.000	3.700	2.486	3.700	2.000	6,011	14,943.60	54	134.63
75. TKH	6	0.500	0.500	0.500	0.500	0.500	204	102.00	2	0.92
76. TOLI	8	0.100	0.100	0.100	0.100	0.100	293,453	29,345.30	2,644	264.37
77. TPU4	9	2.000	2.000	2.000	2.000	2.000	2,280	4,560.00	21	41.08
78. TQF	2	0.290	0.290	0.290	0.290	0.290	104,177	30,211.33	939	272.17
79. TRM	36	0.200	1.900	0.593	1.900	0.200	2,397	1,422.20	22	12.81
80. TRMS	45	0.700	1.500	0.829	1.500	0.700	33,813	28,014.21	305	252.38
81. TRQT	45	1.000	1.000	1.000	1.000	1.000	6,938	6,938.00	63	62.50

82. TSIF	1	0.500	0.500	0.500	0.500	0.500	3,000	1,500.00	27	13.51
83. TUSB	19	90.000	100.000	92.195	100.000	90.000	41	3,780.00	0	34.05
84. UGB	31	1.200	3.000	2.179	3.000	1.200	12,678	27,631.10	114	248.93
85. UNSE	2	0.300	0.300	0.300	0.300	0.300	24,757	7,427.10	223	66.91
86. UNVR	1	1.820	1.820	1.820	1.820	1.820	47,792	86,981.44	431	783.62
87. UQQS	1	0.060	0.060	0.060	0.060	0.060	154,956	9,297.36	1,396	83.76
88. UTB	364	6.300	27.000	24.137	27.000	6.300	7,229	174,483.00	65	1,571.92
89. UTC	1954	0.200	2.138	1.931	2.138	0.073	49,757,525	96,095,825.02	448,266	865,728.15
90. VAZI	1	2.000	2.000	2.000	2.000	2.000	2,872	5,744.00	26	51.75
91. VERE	40	1.000	1.000	1.000	1.000	1.000	191,485	191,485.00	1,725	1,725.09