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VOLUME 3
APPENDIX 3(B)
FOR
FINANCIAL RESTATEMENT AND VALUATION OF THE GEORGIA ELECTRIC DISTRIBUTION SECTOR

Georgia Power Sector Reform
Contract No. LAG-I-00-98-00005-00
Task Order No. 4

Final Report

Prepared for:

U.S Agency for International Development
Bureau for Europe and NIS
Office of Environment, Energy and Urban Development
Energy and Infrastructure Division

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November 15, 1999

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APPENDIX 3(B)

VALUATION OF INDIVIDUAL DISTRIBUTION COMPANIES

Table 10
Dusheli
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual [1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement [2]																			
Net Sales	1 996	1,996	3,182	4,430	5,739	7,107	7,234	7,389	7,550	7,716	7,888	8,067	8,276	8,495	8,723	8,962	9,211	9,472	322,038
Operational Expenses																			
Operating Expenses	(238)	(238)	(258)	(268)	(278)	(285)	(291)	(297)	(303)	(310)	(317)	(324)	(333)	(341)	(351)	(360)	(370)	(381)	(12,942)
Purchased Power	(1,551)	(1,725)	(2,425)	(3,160)	(3,927)	(4,728)	(4,813)	(4,916)	(5,023)	(5,134)	(5,249)	(5,368)	(5,507)	(5,653)	(5,805)	(5,964)	(6,130)	(6,304)	(214,336)
Wages & Social Costs	(104)	(104)	(177)	(270)	(346)	(378)	(385)	(393)	(402)	(411)	(420)	(429)	(441)	(452)	(464)	(477)	(490)	(504)	(17,144)
Total Operating Expenses	(1,893)	(2,067)	(2,860)	(3,698)	(4,551)	(5,392)	(5,489)	(5,607)	(5,728)	(5,855)	(5,986)	(6,121)	(6,280)	(6,446)	(6,620)	(6,801)	(6,991)	(7,189)	(244,422)
Sales and Administrative Expenses	0	0	(106)	(250)	(367)	(414)	(421)	(431)	(440)	(450)	(460)	(470)	(482)	(495)	(508)	(522)	(537)	(552)	(18,769)
Depreciation [3]	0	0	(28)	(57)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	0
Total Operational Costs	(1,893)	(2,067)	(2,994)	(4,005)	(5,002)	(5,891)	(5,995)	(6,122)	(6,253)	(6,389)	(6,530)	(6,676)	(6,847)	(7,026)	(7,213)	(7,408)	(7,612)	(7,826)	(266,077)
Utility Operating Income	103	(71)	187	425	737	1,216	1,239	1,267	1,297	1,327	1,358	1,391	1,429	1,468	1,510	1,554	1,599	1,646	55,980
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(72)	(72)	(115)	(160)	(207)	(256)	(261)	(266)	(272)	(278)	(284)	(290)	(298)	(306)	(314)	(323)	(332)	(341)	(11,598)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	113	608	684	669	554	334	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(451)	(992)	(1,581)	(1,788)	(1,711)	(1,541)	(893)	(222)	(226)	(231)	(237)	(242)	(248)	(255)	(262)	(269)	(276)	(284)	(9,662)
Budget and Non Budget Taxes	(5)	0	0	0	0	(2)	(69)	(209)	(214)	(219)	(224)	(230)	(236)	(243)	(250)	(257)	(265)	(272)	(9,264)
Total Financial Costs and Taxes	(343)	(383)	(897)	(1,119)	(1,157)	(1,209)	(962)	(431)	(440)	(451)	(461)	(472)	(484)	(498)	(511)	(526)	(541)	(557)	(18,925)
Net Income	(241)	(454)	(709)	(694)	(420)	7	277	837	856	876	897	919	944	971	999	1,028	1,058	1,090	37,055
Adjustments for Cash Flow																			
Depreciation	0	0	28	57	85	85	85	85	85	85	85	85	85	85	85	85	85	85	2,886
Change in Working Capital [4]			(146)	(154)	(161)	(169)	(16)	(19)	(20)	(20)	(21)	(22)	(26)	(27)	(28)	(29)	(31)	(32)	
Capital Investments	0	0	(566)	(566)	(566)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(684)	(663)	(642)	(84)	69	66	65	64	64	63	59	58	57	55	54	53	1,793
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(684)	(663)	(642)	(84)	69	66	65	64	64	63	59	58	57	55	54	53	1,793
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(709)	(694)	(420)	9	346	1,046	1,070	1,095	1,121	1,149	1,180	1,214	1,248	1,285	1,323	1,362	46,319
Taxes on EBIT			0	0	0	(2)	(69)	(209)	(214)	(219)	(224)	(230)	(236)	(243)	(250)	(257)	(265)	(272)	(9,264)
Cash Flow Adjustments [5]			(684)	(663)	(642)	(84)	69	66	65	64	64	63	59	58	57	55	54	53	1,793
Adjusted Free Cash Flow			(1,393)	(1,357)	(1,063)	(77)	346	902	921	941	961	982	1,003	1,029	1,055	1,083	1,112	1,143	38,848
Discounted Adjusted Free Cash Flow			(1,161)	(943)	(615)	(37)	139	302	257	219	186	159	135	115	99	84	72	62	308

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 44,351

[7] Number of Customers 9,433

[8] Market Value (GEL) 543,134

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Table 10
Dusheli
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	1,996	1,996	3,182	4,430	5,739	7,107	7,234	7,389	7,550	7,716	7,888	8,067	8,276	8,495	8,723	8,962	9,211	9,472	322,058
Operational Expenses																			
Operating Expenses	(238)	(238)	(258)	(268)	(278)	(285)	(291)	(297)	(303)	(310)	(317)	(324)	(333)	(341)	(351)	(360)	(370)	(381)	(12,942)
Purchased Power	(1,551)	(1,725)	(2,425)	(3,160)	(3,927)	(4,728)	(4,813)	(4,916)	(5,023)	(5,134)	(5,249)	(5,368)	(5,507)	(5,653)	(5,805)	(5,964)	(6,130)	(6,304)	(214,336)
Wages & Social Costs	(104)	(104)	(177)	(270)	(346)	(378)	(385)	(393)	(402)	(411)	(420)	(429)	(441)	(452)	(464)	(477)	(490)	(504)	(17,144)
Total Operating Expenses	(1,893)	(2,067)	(2,860)	(3,698)	(4,551)	(5,392)	(5,489)	(5,607)	(5,728)	(5,855)	(5,986)	(6,121)	(6,280)	(6,446)	(6,620)	(6,801)	(6,991)	(7,189)	(244,422)
Sales and Administrative Expenses	0	0	(106)	(250)	(367)	(414)	(421)	(431)	(440)	(450)	(460)	(470)	(482)	(495)	(508)	(522)	(537)	(552)	(18,769)
Depreciation[3]	0	0	(28)	(57)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	(85)	0
Total Operational Costs	(1,893)	(2,067)	(2,994)	(4,005)	(5,002)	(5,891)	(5,995)	(6,122)	(6,253)	(6,389)	(6,530)	(6,676)	(6,847)	(7,026)	(7,213)	(7,408)	(7,612)	(7,826)	(266,077)
Utility Operating Income	103	(71)	187	425	737	1,216	1,239	1,267	1,297	1,327	1,358	1,391	1,429	1,468	1,510	1,554	1,599	1,646	55,980
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(72)	(72)	(115)	(160)	(207)	(256)	(261)	(266)	(272)	(278)	(284)	(290)	(298)	(306)	(314)	(323)	(332)	(341)	(11,598)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	113	608	684	669	554	334	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(451)	(992)	(1,581)	(1,788)	(1,711)	(1,541)	(893)	(222)	(226)	(231)	(237)	(242)	(248)	(255)	(262)	(269)	(276)	(284)	(9 662)
Budget and Non Budget Taxes	(5)	0	0	0	0	(2)	(69)	(209)	(214)	(219)	(224)	(230)	(236)	(243)	(250)	(257)	(265)	(272)	(9,264)
Total Financial Costs and Taxes	(343)	(383)	(897)	(1,119)	(1,157)	(1,209)	(962)	(431)	(440)	(451)	(461)	(472)	(484)	(498)	(511)	(526)	(541)	(557)	(18,925)
Net Income	(241)	(454)	(709)	(694)	(420)	7	277	837	856	876	897	919	944	971	999	1,028	1,058	1,090	37,055
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Depreciation	0	0	28	57	85	85	85	85	85	85	85	85	85	85	85	85	85	85	2,986
Change In Working Capital[4]			(146)	(154)	(161)	(169)	(16)	(19)	(20)	(20)	(21)	(22)	(26)	(27)	(28)	(29)	(31)	(32)	
Capital Investments	0	0	(566)	(566)	(566)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(684)	(663)	(642)	(84)	69	66	65	64	64	63	59	58	57	55	54	53	1,793
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(684)	(663)	(642)	(84)	69	66	65	64	64	63	59	58	57	55	54	53	1,793
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Taxes on EBIT			0	0	0	(2)	(69)	(209)	(214)	(219)	(224)	(230)	(236)	(243)	(250)	(257)	(265)	(272)	(9,264)
Cash Flow Adjustments[5]			(684)	(663)	(642)	(84)	69	66	65	64	64	63	59	58	57	55	54	53	1,793
Adjusted Free Cash Flow			(1,393)	(1,357)	(1,063)	(77)	346	902	921	941	961	982	1,003	1,029	1,055	1,083	1,112	1,143	38,848
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[6] MWH Sold in 1998 44,351

[7] Number of Customers 9,433

[8] Market Value (GEL) 543,134

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Table 1
Dusheli
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	600	456	459	480	1,996
Operational Expenses					
Operating Expenses	(59)	(56)	(60)	(63)	(238)
Purchased Power	(440)	(335)	(338)	(438)	(1,551)
Wages & Social Costs	(12)	(15)	(24)	(52)	(104)
Total Operating Expenses	(512)	(406)	(422)	(554)	(1,893)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(512)	(406)	(422)	(554)	(1,893)
Utility Operating Income	88	50	38	(73)	103
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(12)	(13)	(27)	(20)	(72)
Net Other Income	(12)	(13)	(27)	(20)	(72)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	68	44	113
Unrealized Accounts Receivable [2]	0	(106)	(197)	(148)	(451)
Budget and Non Budget Taxes	(1)	(1)	(1)	(1)	(5)
Total Financial Cost and Taxes	(1)	(121)	(157)	(125)	(404)
NET INCOME	76	(84)	(146)	(219)	(373)

[1] It is assumed that accounts receivable 90 days or older are written off and treated as income.
[2] It is assumed that accounts receivable 90 days or older are written off as bad debt expense

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Table 2
Dusheli
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	14	45.0	0.6	37	45.0	1.7	84	45.0	3.8	3,815	45.0	171.7	1,301	45.0	58.5
February	42	45.0	1.9	37	45.0	1.7	108	45.0	4.9	2,679	45.0	120.6	917	45.0	41.2
March	14	45.0	0.6	70	45.0	3.2	100	45.0	4.5	3,106	45.0	139.8	1,010	45.0	45.4
April	14	45.0	0.6	40	45.0	1.8	90	45.0	4.1	2,326	45.0	104.7	1,147	45.0	51.6
May	19	45.0	0.9	44	45.0	2.0	69	45.0	3.1	2,664	45.0	119.9	791	45.0	35.6
June	3	45.0	0.1	34	45.0	1.5	56	45.0	2.5	2,003	45.0	90.1	838	45.0	37.7
July	11	45.0	0.5	26	45.0	1.2	52	45.0	2.3	2,600	45.0	117.0	890	45.0	40.1
August	10	45.0	0.4	40	45.0	1.8	54	45.0	2.4	2,775	45.0	124.9	919	45.0	41.3
September	12	45.0	0.5	41	45.0	1.9	54	45.0	2.4	1,839	45.0	82.8	883	45.0	39.7
October	11	45.0	0.5	37	45.0	1.6	57	45.0	2.6	2,175	45.0	97.9	893	45.0	40.2
November	12	45.0	0.5	38	45.0	1.7	43	45.0	1.9	2,432	45.0	109.4	897	45.0	40.4
December	9	45.0	0.4	32	45.0	1.4	39	45.0	1.8	3,139	45.0	141.3	863	45.0	38.8

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Table 3
Dusheli
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	**MWH Purchased**	**GEL Paid Per MWH**	**Total Cost (000)**
January (1998)	5,835	29.7	173
February	4,203	29.7	125
March	4,777	29.7	142
April	4,019	29.7	119
May	3,986	29.7	119
June	3,260	29.8	97
July	3,976	29.8	118
August	4,219	29.8	126
September	3,143	29.8	94
October	3,525	29.8	105
November	3,801	40.0	152
December	4,535	40.0	181

Tables 4
Dusheli
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
February	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
March	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
April	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
May	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
June	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	2
July	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
August	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
September	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
October	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	2
November	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	1
December	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0	2

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	3	1	5	0	0	5	0
February	0	0	0	0	0	0	0	0	0	2	1	5	0	0	2	0
March	0	0	0	0	0	0	0	0	1	5	3	11	0	0	2	0
April	0	0	0	0	0	0	0	0	0	3	1	6	0	0	2	0
May	0	0	0	0	0	0	0	0	0	2	1	5	0	0	5	0
June	0	0	0	0	0	0	0	0	1	3	2	6	0	0	5	0
July	0	0	0	0	0	0	0	0	0	8	3	10	0	0	7	0
August	0	0	0	0	0	0	0	0	0	7	3	6	0	0	9	0
September	0	0	0	0	0	0	0	0	1	3	2	6	0	0	4	0
October	0	0	0	0	0	0	0	0	0	17	2	7	0	0	5	0
November	0	0	0	0	0	0	0	0	0	27	1	5	0	0	7	0
December	0	0	0	0	0	0	0	0	1	4	3	13	0	0	6	0

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Table 5
Dusheli
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	236	79	157					157	157
February	170	43	170	114				284	284
March	193	61	193	170	53			417	417
April	163	49	163	193	170	5		531	531
May	161	69	161	163	193	102	5	619	624
June	132	72	132	161	163	122	102	578	684
July	161	133	161	132	161	30	122	484	712
August	171	116	171	161	132	45	30	509	767
September	127	41	127	171	161	91	45	550	853
October	143	129	143	127	171	33	91	473	867
November	154	146	154	143	127	25	33	449	875
December	184	67	184	154	143	60	25	541	992

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6.*
- *9* *Cumulative accounts receivable without write-offs.*

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Table 6
Dusheli
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	173	79	94					94	94
February	125	43	125	51				176	176
March	142	61	142	115	0			257	257
April	119	49	119	142	66	0		328	328
May	119	69	119	119	140	0	0	378	378
June	97	72	97	119	119	68	0	403	403
July	118	133	118	97	105	0	68	320	389
August	126	116	126	118	86	0	0	330	398
September	94	41	94	126	118	44	0	382	450
October	105	129	105	94	115	0	44	314	427
November	152	146	152	105	63	0	0	320	433
December	181	67	181	152	101	0	0	434	547

Sources: (By Column)

1	*Actual figures provided by company*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance*
7	*After 90 days the debt is written off and treated as income to the firm.*
8	*Sum of columns 3, 4, 5, and 6.*
9	*Cumulative accounts receivable without write-offs.*

Table 10
Gardabani
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	3 868	3,887	6,024	8,256	10,580	12,995	13,222	13,495	13,781	14,082	14,398	14,732	15,067	15,419	15,787	16,174	16 580	16 988	577,603
Operational Expenses																			
Operating Expenses	(104)	(105)	(217)	(363)	(479)	(527)	(536)	(548)	(560)	(572)	(586)	(600)	(614)	(629)	(644)	(660)	(677)	(695)	(23,617)
Purchased Power	(3,382)	(3,588)	(4,902)	(6,222)	(7,549)	(8,882)	(8,880)	(9,069)	(9,268)	(9,478)	(9,699)	(9,932)	(10,165)	(10,409)	(10,666)	(10,935)	(11,219)	(11,504)	(391,123)
Wages & Social Costs	(19)	(19)	(196)	(434)	(623)	(698)	(710)	(725)	(741)	(758)	(776)	(794)	(813)	(833)	(853)	(875)	(897)	(920)	(31,286)
Total Operating Expenses	(3,505)	(3,712)	(5,315)	(7,020)	(8,652)	(10,107)	(10 126)	(10 342)	(10,569)	(10,808)	(11,060)	(11,326)	(11,592)	(11,870)	(12,163)	(12,470)	(12,794)	(13,118)	(446,025)
Sales and Administrative Expenses	0	0	(198)	(467)	(680)	(764)	(778)	(794)	(812)	(830)	(849)	(870)	(890)	(911)	(934)	(958)	(982)	(1,007)	(34,249)
Depreciation[3]	0	0	(86)	(173)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	0
Total Operational Costs	(3,505)	(3,712)	(5,599)	(7,659)	(9,591)	(11,130)	(11,163)	(11,396)	(11,640)	(11,898)	(12,169)	(12,455)	(12,741)	(13,041)	(13,356)	(13,687)	(14,035)	(14,385)	(489,097)
Utility Operating Income	363	175	424	596	989	1 865	2 059	2,099	2,141	2,184	2,230	2,277	2,326	2,377	2,431	2,486	2,544	2,603	88,506
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(103)	(103)	(160)	(220)	(282)	(346)	(352)	(359)	(367)	(375)	(383)	(392)	(401)	(411)	(420)	(431)	(441)	(452)	(15,378)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	551	1,913	2,090	1,990	1,609	947	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(1,011)	(2,264)	(3,508)	(3,896)	(3,697)	(3,262)	(1,858)	(405)	(413)	(422)	(432)	(442)	(452)	(463)	(474)	(485)	(497)	(510)	(17,328)
Budget and Non Budget Taxes	(487)	0	0	0	0	0	(40)	(339)	(345)	(352)	(360)	(367)	(375)	(383)	(391)	(400)	(409)	(419)	(14,236)
Total Financial Costs and Taxes	(946)	(351)	(1,418)	(1,906)	(2,088)	(2,315)	(1,898)	(744)	(759)	(775)	(791)	(809)	(827)	(845)	(865)	(885)	(907)	(928)	(31,564)
Net Income	(583)	(177)	(994)	(1,310)	(1,099)	(450)	161	1,355	1,382	1,409	1,438	1,468	1,499	1,532	1,566	1,601	1,637	1,675	56,942
Adjustments for Cash Flow																			
Depreciation	0	0	86	173	259	259	259	259	259	259	259	259	259	259	259	259	259	259	8,823
Change in Working Capital[4]			(263)	(275)	(287)	(298)	(29)	(34)	(35)	(37)	(39)	(41)	(41)	(43)	(45)	(48)	(50)	(50)	
Capital Investments	0	0	(1,730)	(1 730)	(1 730)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(1,907)	(1 832)	(1,757)	(38)	232	226	224	222	220	218	218	216	214	212	209	209	7,110
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(1,907)	(1 832)	(1,757)	(38)	232	226	224	222	220	218	218	216	214	212	209	209	7,110
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(994)	(1,310)	(1,099)	(450)	201	1,694	1,727	1,762	1,798	1,835	1,874	1,915	1,957	2,001	2,047	2,093	71,178
Taxes on EBIT			0	0	0	0	(40)	(339)	(345)	(352)	(360)	(367)	(375)	(383)	(391)	(400)	(409)	(419)	(14,236)
Cash Flow Adjustments[5]			(1 907)	(1,832)	(1,757)	(38)	232	226	224	222	220	218	218	216	214	212	209	209	7,110
Adjusted Free Cash Flow			(2,901)	(3,142)	(2,856)	(488)	392	1,581	1,606	1,632	1,659	1,686	1,717	1 748	1,780	1,813	1 847	1,884	64,052
Discounted Adjusted Free Cash Flow			(2 418)	(2 182)	(1,653)	(235)	158	529	448	380	321	272	231	196	166	141	120	102	508

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 — 84 040

[7] Number of Customers — 28 833

[8] Market Value (GEL) — (497,080)

Table 10
Gardabani
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	3,868	3,887	6,024	8,256	10,580	12,995	13,222	13,495	13,781	14,082	14,398	14,732	15,067	15,419	15,787	16,174	16,580	16,988	577,603
Operational Expenses																			
Operating Expenses	(104)	(105)	(217)	(363)	(479)	(527)	(536)	(548)	(560)	(572)	(586)	(600)	(614)	(629)	(644)	(660)	(677)	(695)	(23,617)
Purchased Power	(3,382)	(3,588)	(4,902)	(6,222)	(7,549)	(8,882)	(8,880)	(9,069)	(9,268)	(9,478)	(9,699)	(9,932)	(10,165)	(10,409)	(10,666)	(10,935)	(11,219)	(11,504)	(391,123)
Wages & Social Costs	(19)	(19)	(196)	(434)	(623)	(698)	(710)	(725)	(741)	(758)	(776)	(794)	(813)	(833)	(853)	(875)	(897)	(920)	(31,286)
Total Operating Expenses	(3,505)	(3,712)	(5,315)	(7,020)	(8,652)	(10,107)	(10,126)	(10,342)	(10,569)	(10,808)	(11,060)	(11,326)	(11,592)	(11,870)	(12,163)	(12,470)	(12,794)	(13,118)	(446,025)
Sales and Administrative Expenses	0	0	(198)	(467)	(680)	(764)	(778)	(794)	(812)	(830)	(849)	(870)	(890)	(911)	(934)	(958)	(982)	(1,007)	(34,249)
Depreciation[3]	0	0	(86)	(173)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	(259)	0
Total Operational Costs	(3,505)	(3,712)	(5,599)	(7,659)	(9,591)	(11,130)	(11,163)	(11,396)	(11,640)	(11,898)	(12,169)	(12 455)	(12,741)	(13,041)	(13,356)	(13,687)	(14,035)	(14,385)	(489,097)
Utility Operating Income	363	175	424	596	989	1,865	2,059	2,099	2,141	2,184	2,230	2,277	2,326	2,377	2,431	2,486	2,544	2,603	88,506
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(103)	(103)	(160)	(220)	(282)	(346)	(352)	(359)	(367)	(375)	(383)	(392)	(401)	(411)	(420)	(431)	(441)	(452)	(15,378)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	551	1,913	2,090	1,990	1,609	947	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(1 011)	(2 264)	(3,508)	(3,896)	(3,697)	(3,262)	(1,858)	(405)	(413)	(422)	(432)	(442)	(452)	(463)	(474)	(485)	(497)	(510)	(17,328)
Budget and Non Budget Taxes	(487)	0	0	0	0	0	(40)	(339)	(345)	(352)	(360)	(367)	(375)	(383)	(391)	(400)	(409)	(419)	(14,236)
Total Financial Costs and Taxes	(946)	(351)	(1,418)	(1,906)	(2,088)	(2,315)	(1,898)	(744)	(759)	(775)	(791)	(809)	(827)	(845)	(865)	(885)	(907)	(928)	(31,564)
Net Income	(583)	(177)	(994)	(1,310)	(1,099)	(450)	161	1,355	1,382	1,409	1 438	1,468	1,499	1,532	1,566	1,601	1,637	1,675	56,942
Adjustments for Cash Flow																			
Depreciation	0	0	86	173	259	259	259	259	259	259	259	259	259	259	259	259	259	259	8,823
Change in Working Capital[4]			(263)	(275)	(287)	(298)	(28)	(34)	(35)	(37)	(39)	(41)	(41)	(43)	(45)	(48)	(50)	(50)	
Capital Investments	0	0	(1,730)	(1,730)	(1,730)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(1,907)	(1,832)	(1,757)	(38)	232	226	224	222	220	218	218	216	214	212	209	209	7 110
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(1,907)	(1,832)	(1,757)	(38)	232	226	224	222	220	218	218	216	214	212	209	209	7,110
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(994)	(1,310)	(1,099)	(450)	201	1,694	1 727	1,762	1 798	1,835	1,874	1,915	1,957	2,001	2,047	2,093	71,178
Taxes on EBIT			0	0	0	0	(40)	(339)	(345)	(352)	(360)	(367)	(375)	(383)	(391)	(400)	(409)	(419)	(14,236)
Cash Flow Adjustments[5]			(1,907)	(1,832)	(1,757)	(38)	232	226	224	222	220	218	218	216	214	212	209	209	7,110
Adjusted Free Cash Flow			(2 901)	(3 142)	(2,856)	(488)	392	1,581	1,606	1,632	1,659	1,686	1,717	1,748	1,780	1,813	1,847	1,884	64,052
Discounted Adjusted Free Cash Flow			(2,418)	(2 182)	(1 653)	(235)	158	529	448	380	321	272	231	196	166	141	120	102	508

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation).

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 84,040

[7] Number of Customers 28 833

[8] Market Value (GEL) (497,080)

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Table 1
Gardabani
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	1,343	694	756	1,076	3,868
Operational Expenses					
Operating Expenses	(8)	(49)	(22)	(25)	(104)
Purchased Power	(1,018)	(669)	(583)	(1,112)	(3,382)
Wages & Social Costs	(15)	(1)	(2)	(1)	(19)
Total Operating Expenses	(1,041)	(719)	(607)	(1,138)	(3,505)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(1,041)	(719)	(607)	(1,138)	(3,505)
Utility Operating Income	302	(25)	149	(62)	363
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(32)	(22)	(29)	(20)	(103)
Net Other Income	(32)	(22)	(29)	(20)	(103)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	366	185	551
Unrealized Accounts Receivable [2]	0	(226)	(401)	(384)	(1,011)
Budget and Non Budget Taxes	(98)	(89)	(191)	(109)	(487)
Total Financial Cost and Taxes	(98)	(337)	(255)	(328)	(1,017)
NET INCOME	172	(384)	(135)	(410)	(757)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Gardabani
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	445	45.0	20.0	593	45.0	26.7	190	45.0	8.6	8,798	45.0	395.9	0	0.0	0.0
February	660	45.0	29.7	1,307	45.0	58.8	232	45.0	10.5	9,345	45.0	420.5	0	0.0	0.0
March	263	45.0	11.8	1,153	45.0	51.9	45	45.0	2.0	6,820	45.0	306.9	0	0.0	0.0
April	761	45.0	34.2	65	45.0	2.9	262	45.0	11.8	4,497	45.0	202.4	0	0.0	0.0
May	1,327	45.0	59.7	98	45.0	4.4	261	45.0	11.7	1,982	45.0	89.2	0	0.0	0.0
June	738	45.0	33.2	53	45.0	2.4	15	45.0	0.7	5,355	45.0	241.0	0	0.0	0.0
July	674	45.0	30.3	80	45.0	3.6	120	45.0	5.4	4,812	45.0	216.5	0	0.0	0.0
August	833	45.0	37.5	44	45.0	2.0	137	45.0	6.2	4,760	45.0	214.2	0	0.0	0.0
September	495	45.0	22.3	71	45.0	3.2	164	45.0	7.4	4,607	45.0	207.3	0	0.0	0.0
October	463	45.0	20.8	22	45.0	1.0	94	45.0	4.2	6,387	45.0	287.4	0	0.0	0.0
November	832	45.0	37.5	703	45.0	31.6	139	45.0	6.2	7,564	45.0	340.4	0	0.0	0.0
December	1,206	60.0	72.3	1,306	60.0	78.3	97	60.0	5.8	3,166	60.0	190.0	0	0.0	0.0

Table 3
Gardabani
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	10,026	33.0	331
February	11,544	33.0	381
March	9,290	33.0	307
April	7,688	30.6	235
May	8,159	28.2	230
June	6,962	29.3	204
July	6,205	27.4	170
August	6,485	33.0	214
September	6,025	33.0	199
October	7,921	33.0	261
November	10,387	41.9	435
December	11,831	35.0	415

Tables 4
Gardabani
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	2	7	0	4	26
February	0	0	0	0	0	0	0	0	0	0	0	3	7	0	8	30
March	0	0	0	0	0	0	0	0	0	0	0	3	7	0	7	31
April	0	0	0	0	0	0	0	0	0	0	0	2	7	0	4	25
May	0	0	0	0	0	0	0	0	0	0	0	5	7	0	7	33
June	0	0	0	0	0	0	0	0	0	0	1	41	7	0	7	113
July	0	0	0	0	0	0	0	0	0	0	0	9	8	0	7	41
August	0	0	0	0	0	0	0	0	0	0	0	8	8	0	6	37
September	0	0	0	0	0	0	0	0	0	0	1	6	8	0	6	58
October	0	0	0	0	0	0	0	0	0	0	0	4	7	0	6	29
November	0	0	0	0	0	0	0	0	0	0	0	2	6	0	3	22
December	0	0	0	0	0	0	0	0	0	0	0	19	8	0	11	79

Table 5
Gardabani
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	451	170	281					281	281
February	519	108	519	173				693	693
March	373	201	373	491	0			864	864
April	251	117	251	373	374	0		998	998
May	165	148	165	251	373	226	0	1,015	1,015
June	277	133	277	165	251	240	226	934	1,160
July	256	106	256	277	165	145	240	844	1,310
August	260	149	260	256	277	16	145	809	1,420
September	240	133	240	260	256	144	16	900	1,527
October	313	193	313	240	260	63	144	876	1,647
November	416	83	416	313	240	177	63	1,146	1,980
December	346	74	346	416	313	167	177	1,242	2,253

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance*
- *7* *After 90 days the debt is written off and treated as income to the firm.*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs*

Table 6
Gardabani
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	331	170	161					161	161
February	381	98	381	63				444	444
March	307	194	307	250	0			556	556
April	235	118	235	307	132	0		674	674
May	230	135	230	235	303	0	0	768	768
June	204	134	204	230	235	170	0	839	839
July	170	100	170	204	230	135	170	739	909
August	214	169	214	170	204	61	135	649	954
September	199	114	199	214	170	91	61	673	1,039
October	261	174	261	199	210	0	91	671	1,127
November	435	116	435	261	199	95	0	990	1,447
December	415	59	415	435	261	140	95	1,251	1,802

Sources: (By Column)

1 Actual figures provided by company.
2 Actual figures provided by company.
3 Column 1 -Column 2
4-6 Assumed that money paid goes first to the oldest unpaid balance
7 After 90 days the debt is written off and treated as income to the firm
8 Sum of columns 3, 4, 5, and 6.
9 Cumulative accounts receivable without write-offs.

Table 10
Gori
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	2,247	2,247	3,793	5,418	7,118	8,891	9,047	9,235	9,430	9,634	9,846	10 068	10,311	10,565	10,831	11,110	11,401	11,701	397,845
Operational Expenses																			
Operating Expenses	(135)	(135)	(197)	(271)	(332)	(359)	(365)	(373)	(381)	(389)	(398)	(407)	(417)	(427)	(438)	(449)	(461)	(474)	(16,105)
Purchased Power	(2,161)	(2,174)	(3,052)	(3,971)	(4,931)	(5,932)	(6,043)	(6,170)	(6,303)	(6,441)	(6,586)	(6,737)	(6,901)	(7,074)	(7,254)	(7,443)	(7,641)	(7,845)	(266,716)
Wages & Social Costs	(124)	(124)	(218)	(338)	(434)	(475)	(483)	(494)	(504)	(515)	(527)	(539)	(552)	(566)	(580)	(595)	(611)	(627)	(21,334)
Total Operating Expenses	(2,420)	(2,433)	(3,466)	(4,580)	(5,697)	(6,765)	(6,891)	(7,037)	(7,188)	(7,346)	(7,510)	(7,682)	(7,870)	(8,067)	(8 272)	(8,488)	(8,714)	(8,946)	(304,155)
Sales and Administrative Expenses	0	0	(133)	(316)	(461)	(529)	(529)	(540)	(552)	(564)	(577)	(590)	(604)	(619)	(635)	(652)	(669)	(687)	(23,355)
Depreciation[3]	(17)	(17)	(79)	(158)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	0
Total Operational Costs	(2,438)	(2,450)	(3,678)	(5,053)	(6,395)	(7,522)	(7,657)	(7,813)	(7,976)	(8,146)	(8,323)	(8,508)	(8,711)	(8,922)	(9,144)	(9,376)	(9,619)	(9,869)	(335,544)
Utility Operating Income	(190)	(203)	115	365	723	1,369	1,390	1,421	1,454	1,488	1,523	1,559	1,600	1,643	1,687	1,734	1,782	1,832	62,301
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(26)	(26)	(43)	(62)	(81)	(101)	(103)	(105)	(108)	(110)	(112)	(115)	(118)	(121)	(124)	(127)	(130)	(134)	(4,542)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	256	288	281	233	140	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	0	(473)	(798)	(945)	(899)	(908)	(598)	(277)	(283)	(289)	(295)	(302)	(309)	(317)	(325)	(333)	(342)	(351)	(11,935)
Budget and Non Budget Taxes	(3)	0	0	0	(11)	(120)	(158)	(229)	(234)	(240)	(246)	(251)	(258)	(265)	(272)	(280)	(288)	(296)	(10,073)
Total Financial Costs and Taxes	(3)	(217)	(510)	(664)	(678)	(888)	(756)	(506)	(517)	(529)	(541)	(554)	(568)	(582)	(597)	(613)	(630)	(647)	(22,008)
Net Income	(193)	(420)	(396)	(299)	45	480	634	916	937	959	982	1 006	1,033	1,061	1,090	1,120	1,152	1,185	40,292
Adjustments for Cash Flow																			
Depreciation	17	17	79	158	236	236	236	236	236	236	236	236	236	236	236	236	236	236	8,034
Change In Working Capital[4]			(191)	(200)	(210)	(219)	(19)	(23)	(24)	(25)	(26)	(27)	(30)	(31)	(33)	(34)	(36)	(37)	
Capital Investments	0	0	(1,575)	(1,575)	(1,575)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	17	17	(1,687)	(1,618)	(1,549)	18	217	213	212	211	210	209	206	205	204	202	200	199	6,777
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	17	17	(1 687)	(1,618)	(1,549)	18	217	213	212	211	210	209	206	205	204	202	200	199	6,777
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(396)	(299)	57	601	792	1,144	1,171	1,199	1 228	1,257	1,291	1,326	1,362	1,400	1,440	1,481	50 365
Taxes on EBIT			0	0	(11)	(120)	(158)	(229)	(234)	(240)	(246)	(251)	(258)	(265)	(272)	(280)	(288)	(296)	(10,073)
Cash Flow Adjustments[5]			(1,687)	(1,618)	(1,549)	18	217	213	212	211	210	209	206	205	204	202	200	199	6,777
Adjusted Free Cash Flow			(2,083)	(1 917)	(1,503)	498	851	1,129	1,149	1 170	1,192	1,215	1,239	1,266	1,293	1,322	1,353	1,384	47,069
Discounted Adjusted Free Cash Flow			(1,736)	(1,331)	(870)	240	342	378	321	272	231	196	167	142	121	103	88	75	374

[1] The financial statements have been restated to reflect an IAS equivalent.
[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)
[3] Based mainly on new investment only
[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.
[5] Includes depreciation, changes in working capital, investments and financial costs.
[6] MWH Sold in 1998 56 179
[7] Number of Customers 26,255
[8] Market Value (GEL) 847,940

Table 1
Gori
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	518	538	554	638	2,247
Operational Expenses					
Operating Expenses	(30)	(31)	(35)	(39)	(135)
Purchased Power	(475)	(484)	(506)	(695)	(2,161)
Wages & Social Costs	(21)	(33)	(29)	(41)	(124)
Total Operating Expenses	(526)	(549)	(570)	(776)	(2,420)
Sales & Administrative	0	0	0	0	0
Depreciation	(3)	(6)	(8)	(0)	(17)
Total Operational Expenses	(530)	(554)	(578)	(776)	(2,438)
Utility Operating Income	(11)	(17)	(24)	(138)	(190)
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(6)	(5)	(7)	(8)	(26)
Net Other Income	(6)	(5)	(7)	(8)	(26)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	0	0
Budget and Non Budget Taxes	0	0	(2)	(0)	(3)
Total Financial Cost and Taxes	0	(5)	(9)	(8)	(23)
NET INCOME	(17)	(26)	(41)	(155)	(239)

[1] It is assumed that accounts receivable 90 days or older are written off and treated as income.
[2] It is assumed that accounts receivable 90 days or older are written off as bad debt expense

Table 2
Gori
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	256	40.0	10.2	107	40.0	4.3	192	40.0	7.7	2,676	40.0	107.0	847	40.0	33.9
February	211	40.0	8.4	64	40.0	2.6	179	40.0	7.2	3,039	40.0	121.6	673	40.0	26.9
March	217	40.0	8.7	66	40.0	2.6	249	40.0	10.0	3,471	40.0	138.8	708	40.0	28.3
April	284	40.0	11.4	53	40.0	2.1	255	40.0	10.2	3,158	40.0	126.3	734	40.0	29.4
May	261	40.0	10.4	37	40.0	1.5	185	40.0	7.4	3,241	40.0	129.6	557	40.0	22.3
June	236	40.0	9.4	22	40.0	0.9	215	40.0	8.6	3,708	40.0	148.3	496	40.0	19.8
July	292	40.0	11.7	44	40.0	1.8	159	40.0	6.4	3,344	40.0	133.8	615	40.0	24.6
August	211	40.0	8.4	36	40.0	1.4	125	40.0	5.0	3,635	40.0	145.4	540	40.0	21.6
September	210	40.0	8.4	28	40.0	1.1	113	40.0	4.5	3,921	40.0	156.8	566	40.0	22.6
October	187	40.0	7.5	23	40.0	0.9	109	40.0	4.4	3,834	40.0	153.4	630	40.0	25.2
November	177	40.0	7.1	38	40.0	1.5	156	40.0	6.2	4,355	40.0	174.2	944	40.0	37.8
December	179	40.0	7.2	55	40.0	2.2	135	40.0	5.4	4,356	40.0	174.2	765	40.0	30.6

Table 3
Gori
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	4,556	33.0	150
February	4,623	33.0	153
March	5,228	33.0	173
April	4,972	33.0	164
May	4,712	33.0	155
June	4,996	33.0	165
July	4,890	33.0	161
August	5,081	33.0	168
September	5,366	33.0	177
October	5,300	33.0	175
November	6,294	42.0	264
December	6,098	42.0	256

Tables 4
Gori
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Capital Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
February	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	2
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
April	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	2
May	0	0	3	0	1	0	0	0	0	0	0	0	0	0	0	1
June	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	2
July	0	0	8	0	0	0	0	0	0	0	0	0	0	0	0	2
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1

Month	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	4	3	11	0	0	0	0
February	0	0	0	0	0	0	0	0	0	4	3	10	0	0	1	0
March	0	0	0	0	0	0	0	0	0	14	3	10	0	0	1	0
April	0	0	0	0	0	0	0	0	0	4	3	10	0	0	0	0
May	0	0	0	0	0	0	0	0	1	8	3	10	0	0	0	0
June	0	0	0	0	0	0	0	1	0	6	3	11	0	0	1	0
July	0	0	0	0	0	0	0	0	0	6	4	12	0	0	1	0
August	0	0	0	0	0	0	0	0	0	7	4	11	0	0	0	0
September	0	0	0	0	0	0	0	0	0	8	4	12	0	0	0	0
October	0	0	0	0	0	0	0	0	0	5	4	13	0	0	1	0
November	0	0	0	0	0	0	0	0	0	18	4	13	0	0	7	0
December	0	0	0	0	0	0	0	0	0	7	4	13	0	0	0	0

Table 5
Gori
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	163	73	90					90	90
February	167	167	89	0				89	89
March	188	123	155	0	0			155	155
April	179	156	178	0	0	0		178	178
May	171	175	171	3	0	0	0	174	174
June	187	242	119	0	0	0	0	119	119
July	178	159	138	0	0	0	0	138	138
August	182	115	182	23	0	0	0	205	205
September	194	165	194	40	0	0	0	234	234
October	191	177	191	57	0	0	0	249	249
November	227	75	227	174	0	0	0	401	401
December	220	147	220	227	27	0	0	473	473

Sources: (By Column)

- *1* *Actual figures provided by company*
- *2* *Actual figures provided by company*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs.*

Table 6
Gori
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	150	135	15					15	15
February	153	167	0	0				0	0
March	173	123	49	0	0			49	49
April	164	156	57	0	0	0		57	57
May	155	175	38	0	0	0	0	38	38
June	165	242	(39)	0	0	0	0	(39)	(39)
July	161	159	(37)	0	0	0	0	(37)	(37)
August	168	115	16	0	0	0	0	16	16
September	177	165	28	0	0	0	0	28	28
October	175	177	26	0	0	0	0	26	26
November	264	145	146	0	0	0	0	146	146
December	256	147	255	0	0	0	0	255	255

Sources: (By Column)

1	*Actual figures provided by company.*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance*
7	*After 90 days the debt is written off and treated as income to the firm.*
8	*Sum of columns 3, 4, 5, and 6.*
9	*Cumulative accounts receivable without write-offs*

Table 10
Gurjanni
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual [1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement [2]																			
Net Sales	1,336	1,362	2,078	2,829	3,615	4,436	4,515	4,611	4,711	4,814	4,922	5,034	5,162	5,296	5,435	5,581	5,734	5,893	200,355
Operational Expenses																			
Operating Expenses	(53)	(55)	(88)	(130)	(164)	(178)	(182)	(186)	(190)	(194)	(198)	(203)	(208)	(213)	(219)	(225)	(231)	(238)	(8,077)
Purchased Power	(969)	(977)	(1,398)	(1,856)	(2,353)	(2,892)	(3,009)	(3,074)	(3,141)	(3,210)	(3,283)	(3,358)	(3,444)	(3,533)	(3,627)	(3,725)	(3,828)	(3,934)	(133,763)
Wages & Social Costs	(14)	(14)	(72)	(149)	(211)	(236)	(241)	(246)	(251)	(257)	(263)	(269)	(275)	(283)	(290)	(298)	(306)	(315)	(10,700)
Total Operating Expenses	(1,037)	(1,046)	(1,558)	(2,135)	(2,728)	(3 307)	(3,432)	(3,505)	(3,582)	(3,661)	(3,743)	(3,829)	(3,927)	(4,029)	(4,136)	(4 248)	(4,365)	(4,486)	(152,539)
Sales and Administrative Expenses	0	0	(66)	(157)	(230)	(259)	(264)	(269)	(275)	(281)	(287)	(294)	(302)	(309)	(318)	(326)	(335)	(345)	(11,713)
Depreciation [3]	0	0	(59)	(119)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	0
Total Operational Costs	(1,037)	(1,046)	(1 683)	(2,411)	(3,136)	(3,743)	(3,873)	(3,952)	(4,034)	(4,120)	(4,209)	(4,301)	(4,406)	(4,516)	(4,632)	(4,752)	(4,878)	(5,009)	(170,299)
Utility Operating Income	298	317	394	418	480	692	642	659	676	695	713	733	756	779	804	829	856	884	30,056
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(42)	(43)	(66)	(90)	(115)	(141)	(143)	(147)	(150)	(153)	(156)	(160)	(164)	(168)	(173)	(177)	(182)	(187)	(6,367)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	(370)	(424)	(422)	(357)	(219)	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(197)	(627)	(956)	(1,059)	(998)	(896)	(524)	(138)	(141)	(144)	(148)	(151)	(155)	(159)	(163)	(167)	(172)	(177)	(6,011)
Budget and Non Budget Taxes	0	0	0	0	0	0	(24)	(104)	(107)	(110)	(113)	(116)	(120)	(124)	(128)	(132)	(137)	(141)	(4,809)
Total Financial Costs and Taxes	(197)	(997)	(1,380)	(1,480)	(1,355)	(1,115)	(548)	(242)	(248)	(254)	(261)	(267)	(275)	(283)	(291)	(300)	(309)	(318)	(10,820)
Net Income	102	(681)	(985)	(1,062)	(875)	(423)	95	416	428	440	453	466	481	496	512	529	547	566	19,236
Adjustments for Cash Flow																			
Depreciation	0	0	59	119	178	178	178	178	178	178	178	178	178	178	178	178	178	178	6,047
Change In Working Capital [4]			(88)	(93)	(97)	(101)	(10)	(12)	(12)	(13)	(13)	(14)	(16)	(16)	(17)	(18)	(19)	(20)	
Capital Investments	0	0	(1,186)	(1,186)	(1,186)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(1,215)	(1,160)	(1,105)	77	168	166	166	165	165	164	162	161	161	160	159	158	5,381
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(1,215)	(1 160)	(1,105)	77	168	166	166	165	165	164	162	161	161	160	159	158	5,381
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(985)	(1,062)	(875)	(423)	118	521	535	550	566	582	601	620	641	662	684	707	24,045
Taxes on EBIT			0	0	0	0	(24)	(104)	(107)	(110)	(113)	(116)	(120)	(124)	(128)	(132)	(137)	(141)	(4,809)
Cash Flow Adjustments [5]			(1,215)	(1,160)	(1 105)	77	168	166	166	165	165	164	162	161	161	160	159	158	5,381
Adjusted Free Cash Flow			(2 200)	(2,222)	(1,980)	(347)	263	582	594	605	617	630	643	657	673	689	706	724	24,617
Discounted Adjusted Free Cash Flow			(1 833)	(1,543)	(1,146)	(167)	106	195	166	141	120	102	86	74	63	54	46	39	195

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs.

[6] MWH Sold in 1998 27,916

[7] Number of Customers 19,760

[8] Market Value (GEL) (1 470 321)

Table 10
Gurjanni
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	1,336	1,362	2,078	2,829	3,615	4,436	4,515	4,611	4,711	4,814	4,922	5,034	5,162	5,296	5,435	5,581	5,734	5,893	200,355
Operational Expenses																			
Operating Expenses	(53)	(55)	(88)	(130)	(164)	(178)	(182)	(186)	(190)	(194)	(198)	(203)	(208)	(213)	(219)	(225)	(231)	(238)	(8,077)
Purchased Power	(969)	(977)	(1,398)	(1,856)	(2,353)	(2,892)	(3,009)	(3,074)	(3,141)	(3,210)	(3,283)	(3,358)	(3,444)	(3,533)	(3,627)	(3,725)	(3,828)	(3,934)	(133,763)
Wages & Social Costs	(14)	(14)	(72)	(149)	(211)	(236)	(241)	(246)	(251)	(257)	(263)	(269)	(275)	(283)	(290)	(298)	(306)	(315)	(10,700)
Total Operating Expenses	(1,037)	(1,046)	(1,558)	(2,135)	(2,728)	(3 307)	(3 432)	(3,505)	(3,582)	(3,661)	(3,743)	(3,829)	(3,927)	(4,029)	(4,136)	(4,248)	(4,365)	(4,486)	(152,539)
Sales and Administrative Expenses	0	0	(66)	(157)	(230)	(259)	(264)	(269)	(275)	(281)	(287)	(294)	(302)	(309)	(318)	(326)	(335)	(345)	(11,713)
Depreciation[3]	0	0	(59)	(119)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	0
Total Operational Costs	(1,037)	(1,046)	(1,683)	(2,411)	(3,136)	(3,743)	(3,873)	(3,952)	(4,034)	(4,120)	(4,209)	(4,301)	(4,406)	(4,516)	(4,632)	(4,752)	(4,878)	(5,009)	(170,299)
Utility Operating Income	298	317	394	418	480	692	642	659	676	695	713	733	756	779	804	829	856	884	30,056
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(42)	(43)	(66)	(90)	(115)	(141)	(143)	(147)	(150)	(153)	(156)	(160)	(164)	(168)	(173)	(177)	(182)	(187)	(6,367)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	(370)	(424)	(422)	(357)	(219)	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(197)	(627)	(956)	(1,059)	(998)	(896)	(524)	(138)	(141)	(144)	(148)	(151)	(155)	(159)	(163)	(167)	(172)	(177)	(6 011)
Budget and Non Budget Taxes	0	0	0	0	0	0	(24)	(104)	(107)	(110)	(113)	(116)	(120)	(124)	(128)	(132)	(137)	(141)	(4 809)
Total Financial Costs and Taxes	(197)	(997)	(1,380)	(1,480)	(1,355)	(1,115)	(548)	(242)	(248)	(254)	(261)	(267)	(275)	(283)	(291)	(300)	(309)	(318)	(10 820)
Net Income	102	(681)	(985)	(1,062)	(875)	(423)	95	416	428	440	453	466	481	496	512	529	547	566	19,236
Adjustments for Cash Flow																			
Depreciation	0	0	59	119	178	178	178	178	178	178	178	178	178	178	178	178	178	178	6 047
Change In Working Capital[4]			(88)	(93)	(97)	(101)	(10)	(12)	(12)	(13)	(13)	(14)	(16)	(16)	(17)	(18)	(19)	(20)	
Capital Investments	0	0	(1,186)	(1,186)	(1,186)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(1,215)	(1,160)	(1,105)	77	168	166	166	165	165	164	162	161	161	160	159	158	5,381
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(1 215)	(1,160)	(1,105)	77	168	166	166	165	165	164	162	161	161	160	159	158	5,381
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(985)	(1,062)	(875)	(423)	118	521	535	550	566	582	601	620	641	662	684	707	24,045
Taxes on EBIT			0	0	0	0	(24)	(104)	(107)	(110)	(113)	(116)	(120)	(124)	(128)	(132)	(137)	(141)	(4,809)
Cash Flow Adjustments[5]			(1,215)	(1 160)	(1 105)	77	168	166	166	165	165	164	162	161	161	160	159	158	5,381
Adjusted Free Cash Flow			(2,200)	(2,222)	(1,980)	(347)	263	582	594	605	617	630	643	657	673	689	706	724	24,617
Discounted Adjusted Free Cash Flow			(1 833)	(1,543)	(1,146)	(167)	106	195	166	141	120	102	86	74	63	54	46	39	195

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs.

[6] MWH Sold in 1998 27,916

[7] Number of Customers 19,760

[8] Market Value (GEL) (1,470,321)

Table 1
Gurjanni
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	302	324	388	322	1,336
Operational Expenses					
Operating Expenses	(13)	(16)	(14)	(10)	(53)
Purchased Power	(219)	(241)	(284)	(225)	(969)
Wages & Social Costs	(3)	(4)	(4)	(3)	(14)
Total Operating Expenses	(235)	(262)	(302)	(239)	(1,037)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(235)	(262)	(302)	(239)	(1,037)
Utility Operating Income	67	63	85	83	298
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(7)	(11)	(15)	(9)	(42)
Net Other Income	(7)	(11)	(15)	(9)	(42)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	(197)	(197)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	(11)	(15)	(206)	(232)
NET INCOME	60	41	55	(133)	24

[1] It is assumed that accounts receivable 90 days or older are written off and treated as income.
[2] It is assumed that accounts receivable 90 days or older are written off as bad debt expense

Table 2
Gurjanni
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
	Industrial			Local Budget			Central Budget			Residential			Other		
January (1998)	80	45.0	3 6	23	43 5	1.0	14	42 9	0.6	2,269	45.0	102.1	538	45.0	24 2
February	110	44.5	4 9	40	45.0	1.8	27	46.1	1 3	1,168	45.0	52.6	354	56.2	19.9
March	66	45.5	3 0	40	42 5	1.7	17	47.1	0.8	1,409	45 0	63 4	468	45.1	21.1
April	76	44 7	3.4	22	45.5	1.0	23	43.5	1.0	1,216	45.0	54.7	664	45.2	30.0
May	70	44.3	3.1	2	35.0	0.1	3	43.3	0 1	1,877	45.0	84.5	449	45.0	20.2
June	30	43.3	1.3	1	50 0	0 0	10	47.0	0.5	2,235	45 0	100.6	640	37.2	23.8
July	40	45 0	1.8	1	37.5	0.0	10	47.0	0.5	1,963	45.0	88.3	735	45.0	33.1
August	40	45.0	1 8	9	44.4	0.4	6	50 0	0 4	2,397	45.0	107.9	610	45.1	27.5
September	44	45.5	2.0	1	50.0	0 0	23	43.5	1.0	2,008	44.9	90.2	724	45 1	32.7
October	20	60 0	1.2	25	60.0	1.5	7	57 1	0.4	1,895	60.0	113.7	554	59.9	33.2
November	21	57.1	1 2	33	57.6	1.9	15	60 0	0.9	1,465	60.0	87.9	382	60.2	23.0
December	30	60.0	1.8	28	60 7	1.7	20	60 0	1.2	497	60.0	29.8	371	59 8	22.2

Table 3
Gurjanni
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	2,924	33.0	96
February	1,700	33.0	56
March	2,000	33.0	66
April	2,000	33.0	66
May	2,400	33.0	79
June	2,916	33.0	96
July	2,750	33.0	91
August	3,064	33.0	101
September	2,800	33.0	92
October	2,500	42.0	105
November	1,916	42.0	80
December	946	42.0	40

Tables 4
Gurjanni
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 80-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	2	6	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	1	5	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	1	6	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0

Table 5
Gurjanni
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	132	60	72					72	72
February	81	86	66	0				66	66
March	90	58	90	9	0			99	99
April	90	58	90	40	0	0		130	130
May	108	87	108	44	0	0	0	152	152
June	126	120	126	32	0	0	0	158	158
July	124	53	124	105	0	0	0	229	229
August	138	42	138	124	63	0	0	325	325
September	126	88	126	138	98	0	0	362	362
October	150	32	150	126	138	66	0	480	480
November	115	7	115	150	126	131	66	522	588
December	57	30	57	115	150	96	131	418	615

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs*

Table 6
Gurjanni
Georgia Power Privatization
Determination and Aging of Accounts Payable

(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	96	111	(15)					(15)	(15)
February	56	170	(128)	0				(128)	(128)
March	66	108	(170)	0	0			(170)	(170)
April	66	106	(210)	0	0	0		(210)	(210)
May	79	159	(290)	0	0	0	0	(290)	(290)
June	96	228	(422)	0	0	0	0	(422)	(422)
July	91	99	(430)	0	0	0	0	(430)	(430)
August	101	75	(403)	0	0	0	0	(403)	(403)
September	92	166	(477)	0	0	0	0	(477)	(477)
October	105	53	(424)	0	0	0	0	(424)	(424)
November	80	14	(357)	0	0	0	0	(357)	(357)
December	40	50	(367)	0	0	0	0	(367)	(367)

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs.*

Table 10
Kaspi
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	659	676	1,046	1,432	1,832	2,247	2,280	2,317	2,355	2,394	2,436	2,479	2 521	2,565	2,611	2,658	2,707	2,757	93,727
Operational Expenses																			
Operating Expenses	(42)	(43)	(57)	(73)	(85)	(91)	(92)	(94)	(95)	(97)	(99)	(101)	(102)	(104)	(106)	(108)	(110)	(112)	(3,818)
Purchased Power	(537)	(553)	(774)	(1,006)	(1,248)	(1,500)	(1,528)	(1,553)	(1,579)	(1,607)	(1,636)	(1,666)	(1,695)	(1,726)	(1,758)	(1,791)	(1,825)	(1,860)	(63,234)
Wages & Social Costs	0	0	(31)	(74)	(107)	(120)	(122)	(124)	(126)	(129)	(131)	(133)	(136)	(138)	(141)	(143)	(146)	(149)	(5,058)
Total Operating Expenses	(579)	(596)	(862)	(1,152)	(1,440)	(1 711)	(1,742)	(1,771)	(1,801)	(1,832)	(1,865)	(1,900)	(1,933)	(1,968)	(2,004)	(2,042)	(2 082)	(2,121)	(72,110)
Sales and Administrative Expenses	(0)	(0)	(34)	(81)	(117)	(132)	(134)	(136)	(138)	(141)	(143)	(146)	(148)	(151)	(154)	(157)	(160)	(163)	(5,537)
Depreciation[3]	0	0	(42)	(84)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	0
Total Operational Costs	(579)	(596)	(938)	(1 317)	(1,683)	(1,969)	(2,002)	(2,033)	(2,065)	(2,099)	(2,135)	(2,172)	(2 208)	(2,245)	(2,284)	(2,325)	(2,367)	(2,410)	(81,924)
Utility Operating Income	81	80	108	115	149	279	279	284	290	295	301	308	314	320	327	333	340	347	11,803
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(2)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	186	341	382	372	308	185	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(110)	(296)	(458)	(510)	(481)	(434)	(254)	(70)	(71)	(72)	(73)	(74)	(76)	(77)	(78)	(80)	(81)	(83)	(2,812)
Budget and Non Budget Taxes	0	(25)	(6)	0	0	(6)	(5)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(1,798)
Total Financial Costs and Taxes	76	20	(82)	(138)	(173)	(255)	(259)	(112)	(114)	(117)	(119)	(121)	(123)	(126)	(128)	(130)	(133)	(136)	(4,610)
Net Income	156	100	25	(23)	(25)	24	19	172	175	179	183	187	190	194	199	203	207	212	7,193
Adjustments for Cash Flow																			
Depreciation	0	0	42	84	126	126	126	126	126	126	126	126	126	126	126	126	126	126	4,277
Change In Working Capital[4]			(46)	(48)	(49)	(51)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	
Capital Investments	0	0	(839)	(839)	(839)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(842)	(802)	(762)	75	122	121	121	121	121	120	121	120	120	120	120	120	4,070
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(842)	(802)	(762)	75	122	121	121	121	121	120	121	120	120	120	120	120	4,070
Valuation																			
Earnings Before Interest and Taxes (EBIT)			32	(23)	(25)	30	24	215	219	224	228	233	238	243	248	253	259	264	8,991
Taxes on EBIT			(6)	0	0	(6)	(5)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(1,798)
Cash Flow Adjustments[5]			(842)	(802)	(762)	75	122	121	121	121	121	120	121	120	120	120	120	120	4,070
Adjusted Free Cash Flow			(817)	(825)	(787)	99	141	293	296	300	303	307	311	315	319	323	327	331	11,263
Discounted Adjusted Free Cash Flow			(681)	(573)	(455)	48	57	98	83	70	59	50	42	35	30	25	21	18	89

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only.

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 14,481

[7] Number of Customers 13,976

[8] Market Value (GEL) (304,337)

34

Table 10
Kaspi
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	659	676	1,046	1 432	1,832	2,247	2,280	2,317	2,355	2,394	2,436	2,479	2,521	2,565	2,611	2 658	2,707	2 757	93,727
Operational Expenses																			
Operating Expenses	(42)	(43)	(57)	(73)	(85)	(91)	(92)	(94)	(95)	(97)	(99)	(101)	(102)	(104)	(106)	(108)	(110)	(112)	(3,818)
Purchased Power	(537)	(553)	(774)	(1,006)	(1,248)	(1,500)	(1,528)	(1,553)	(1,579)	(1,607)	(1,636)	(1,666)	(1,695)	(1,726)	(1,758)	(1,791)	(1,825)	(1,860)	(63,234)
Wages & Social Costs	0	0	(31)	(74)	(107)	(120)	(122)	(124)	(126)	(129)	(131)	(133)	(136)	(138)	(141)	(143)	(146)	(149)	(5,058)
Total Operating Expenses	(579)	(596)	(862)	(1,152)	(1,440)	(1 711)	(1,742)	(1,771)	(1,801)	(1,832)	(1,865)	(1,900)	(1,933)	(1,968)	(2,004)	(2,042)	(2,082)	(2,121)	(72,110)
Sales and Administrative Expenses	(0)	(0)	(34)	(81)	(117)	(132)	(134)	(136)	(138)	(141)	(143)	(146)	(148)	(151)	(154)	(157)	(160)	(163)	(5,537)
Depreciation[3]	0	0	(42)	(84)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	(126)	0
Total Operational Costs	(579)	(596)	(938)	(1,317)	(1,683)	(1,969)	(2,002)	(2,033)	(2,065)	(2,099)	(2,135)	(2,172)	(2,208)	(2,245)	(2,284)	(2,325)	(2,367)	(2,410)	(81,924)
Utility Operating Income	81	80	108	115	149	279	279	284	290	295	301	308	314	320	327	333	340	347	11,803
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(2)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	186	341	382	372	308	185	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(110)	(296)	(458)	(510)	(481)	(434)	(254)	(70)	(71)	(72)	(73)	(74)	(76)	(77)	(78)	(80)	(81)	(83)	(2,812)
Budget and Non Budget Taxes	0	(25)	(6)	0	0	(6)	(5)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(1,798)
Total Financial Costs and Taxes	76	20	(82)	(138)	(173)	(255)	(259)	(112)	(114)	(117)	(119)	(121)	(123)	(126)	(128)	(130)	(133)	(136)	(4,610)
Net Income	156	100	25	(23)	(25)	24	19	172	175	179	183	187	190	194	199	203	207	212	7,193
Adjustments for Cash Flow																			
Depreciation	0	0	42	84	126	126	126	126	126	126	126	126	126	126	126	126	126	126	4,277
Change In Working Capital[4]			(46)	(48)	(49)	(51)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	
Capital Investments	0	0	(839)	(839)	(839)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(842)	(802)	(762)	75	122	121	121	121	121	120	121	120	120	120	120	120	4,070
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(842)	(802)	(762)	75	122	121	121	121	121	120	121	120	120	120	120	120	4 070
Valuation																			
Earnings Before Interest and Taxes (EBIT)			32	(23)	(25)	30	24	215	219	224	228	233	238	243	248	253	259	264	8 991
Taxes on EBIT			(6)	0	0	(6)	(5)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(1,798)
Cash Flow Adjustments[5]			(842)	(802)	(762)	75	122	121	121	121	121	120	121	120	120	120	120	120	4,070
Adjusted Free Cash Flow			(817)	(825)	(787)	99	141	293	296	300	303	307	311	315	319	323	327	331	11,263
Discounted Adjusted Free Cash Flow			(681)	(573)	(455)	48	57	98	83	70	59	50	42	35	30	25	21	18	89

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only.

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 14,481

[7] Number of Customers 13,976

[8] Market Value (GEL) (304,337)

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Table 1
Kaspi
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	159	192	166	141	659
Operational Expenses					
Operating Expenses	(10)	(10)	(10)	(11)	(42)
Purchased Power	(129)	(155)	(135)	(118)	(537)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	(139)	(165)	(146)	(129)	(579)
Sales & Administrative	(0)	(0)	(0)	(0)	(0)
Depreciation	0	0	0	0	0
Total Operational Expenses	(139)	(165)	(146)	(129)	(579)
Utility Operating Income	21	27	21	13	81
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(0)	(0)	(0)	(0)	(0)
Net Other Income	(0)	(0)	(0)	(0)	(0)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	3	54	129	186
Unrealized Accounts Receivable [2]	0	0	0	(110)	(110)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	3	54	18	76
NET INCOME	21	30	75	31	156

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Kaspi
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	46	45.5	2.1	6	45.0	0.3	4	57.1	0.2	1,310	45.0	58.9	0	0.0	0.0
February	45	44.7	2.0	1	470.0	0.5	13	46.2	0.6	1,285	45.0	57.8	0	0.0	0.0
March	55	45.6	2.5	3	44.8	0.1	16	43.5	0.7	748	44.9	33.6	0	0.0	0.0
April	92	44.5	4.1	5	45.0	0.2	6	50.8	0.3	1,277	45.0	57.5	0	0.0	0.0
May	103	44.6	4.6	2	45.9	0.1	32	6.3	0.2	1,267	43.6	55.2	0	0.0	0.0
June	135	44.3	6.0	2	45.0	0.1	45	42.4	1.9	1,381	45.0	62.1	0	0.0	0.0
July	202	41.6	8.4	6	4.4	0.0	35	25.9	0.9	1,450	45.0	65.2	0	0.0	0.0
August	96	41.9	4.0	5	48.4	0.3	10	51.5	0.5	1,037	45.0	46.6	0	0.0	0.0
September	89	43.7	3.9	0	50.0	0.0	12	33.3	0.4	805	45.0	36.2	0	0.0	0.0
October	104	59.7	6.2	3	54.5	0.2	8	60.2	0.5	1,153	34.0	39.2	0	0.0	0.0
November	67	59.8	4.0	0	500.0	0.0	5	60.0	0.3	1,131	60.0	67.8	0	0.0	0.0
December	76	60.4	4.6	0	0.0	0.0	0	66.7	0.0	309	59.9	18.5	0	0.0	0.0

Table 3
Kaspi
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	1,500	33.0	50
February	1,500	33.0	50
March	900	33.0	30
April	1,500	33.0	50
May	1,500	33.0	50
June	1,700	33.0	56
July	1,800	33.0	59
August	1,300	33.0	43
September	1,000	33.0	33
October	1,400	33.0	46
November	1,300	42.0	55
December	400	42.0	17

Tables 4
Kaspi
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0

Table 5
Kaspi
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	61	39	23					23	23
February	61	41	42	0				42	42
March	37	29	37	14	0			51	51
April	62	32	62	19	0	0		81	81
May	60	42	60	39	0	0	0	100	100
June	70	69	70	31	0	0	0	101	101
July	75	34	75	66	0	0	0	141	141
August	51	15	51	75	52	0	0	178	178
September	41	38	41	51	75	14	0	180	180
October	46	20	46	41	51	55	14	193	206
November	72	9	72	46	41	42	55	201	269
December	23	4	23	72	46	37	42	178	289

Sources: (By Column)

1	*Actual figures provided by company.*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance.*
7	*After 90 days the debt is written off and treated as income to the firm*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs*

Table 6
Kaspi
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	50	19	30					30	30
February	50	12	50	18				68	68
March	30	20	30	48	0			78	78
April	50	15	50	30	33	0		112	112
May	50	30	50	50	30	3	0	132	132
June	56	21	56	50	50	9	3	164	167
July	59	27	59	56	50	23	9	188	199
August	43	26	43	59	56	23	23	182	216
September	33	5	33	43	59	51	23	186	244
October	46	17	46	33	43	43	51	165	273
November	55	8	55	46	33	35	43	168	320
December	17	6	17	55	46	27	35	145	331

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6.*
- *9* *Cumulative accounts receivable without write-offs*

Table 10
Kvareli
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	286	291	456	629	809	996	1,010	1,025	1,041	1,057	1,073	1,090	1,109	1,128	1,148	1,169	1,190	1,213	41,227
Operational Expenses																			
Operating Expenses	(31)	(31)	(34)	(37)	(39)	(40)	(41)	(41)	(42)	(42)	(43)	(44)	(45)	(45)	(46)	(47)	(48)	(49)	(1,656)
Purchased Power	(226)	(237)	(335)	(437)	(545)	(659)	(672)	(682)	(692)	(703)	(714)	(725)	(737)	(750)	(764)	(777)	(792)	(806)	(27,420)
Wages & Social Costs	0	0	(14)	(32)	(47)	(53)	(54)	(55)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(65)	(2,193)
Total Operating Expenses	(257)	(268)	(383)	(506)	(631)	(752)	(766)	(778)	(789)	(802)	(814)	(827)	(841)	(856)	(871)	(887)	(903)	(920)	(31,269)
Sales and Administrative Expenses	0	0	(15)	(35)	(52)	(58)	(59)	(60)	(61)	(62)	(62)	(63)	(65)	(66)	(67)	(68)	(69)	(71)	(2,401)
Depreciation[3]	0	0	(32)	(64)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	0
Total Operational Costs	(257)	(268)	(430)	(606)	(779)	(906)	(921)	(934)	(946)	(959)	(973)	(986)	(1,002)	(1,018)	(1,034)	(1,051)	(1,069)	(1,087)	(36,947)
Utility Operating Income	29	22	26	23	30	90	89	92	94	97	100	103	107	110	114	118	122	126	4,280
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	(24)	(27)	(26)	(22)	(13)	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	0	(61)	(95)	(109)	(101)	(101)	(66)	(31)	(31)	(32)	(32)	(33)	(33)	(34)	(34)	(35)	(36)	(36)	(1,237)
Budget and Non Budget Taxes	0	0	0	0	0	0	(4)	(12)	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(17)	(17)	(18)	(609)
Total Financial Costs and Taxes	0	(84)	(122)	(135)	(123)	(114)	(71)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(52)	(53)	(54)	(1,845)
Net Income	29	(62)	(96)	(112)	(93)	(24)	18	49	51	53	55	57	59	61	64	66	69	72	2,435
Adjustments for Cash Flow																			
Depreciation	0	0	32	64	96	96	96	96	96	96	96	96	96	96	96	96	96	96	3,277
Change In Working Capital[4]			(20)	(21)	(22)	(23)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	
Capital Investments	0	0	(642)	(642)	(642)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(631)	(600)	(568)	73	95	95	94	94	94	94	94	94	94	94	94	94	3,183
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(631)	(600)	(568)	73	95	95	94	94	94	94	94	94	94	94	94	94	3,183
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(96)	(112)	(93)	(24)	22	61	63	66	68	71	74	77	80	83	86	90	3,043
Taxes on EBIT			0	0	0	0	(4)	(12)	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(17)	(17)	(18)	(609)
Cash Flow Adjustments[5]			(631)	(600)	(568)	73	95	95	94	94	94	94	94	94	94	94	94	94	3,183
Adjusted Free Cash Flow			(726)	(712)	(661)	49	113	143	145	147	149	151	153	155	158	160	163	165	5,618
Discounted Adjusted Free Cash Flow			(605)	(494)	(383)	24	45	48	40	34	29	24	21	17	15	12	11	9	45

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs.

[6] MWH Sold in 1998 6,284

[7] Number of Customers 10,708

[8] Market Value (GEL) (502,745)

Table 10
Kvareli
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	286	291	456	629	809	996	1,010	1,025	1,041	1,057	1,073	1,090	1,109	1,128	1,148	1,169	1,190	1,213	41,227
Operational Expenses																			
Operating Expenses	(31)	(31)	(34)	(37)	(39)	(40)	(41)	(41)	(42)	(42)	(43)	(44)	(45)	(45)	(46)	(47)	(48)	(49)	(1,656)
Purchased Power	(226)	(237)	(335)	(437)	(545)	(659)	(672)	(682)	(692)	(703)	(714)	(725)	(737)	(750)	(764)	(777)	(792)	(806)	(27,420)
Wages & Social Costs	0	0	(14)	(32)	(47)	(53)	(54)	(55)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(65)	(2,193)
Total Operating Expenses	(257)	(268)	(383)	(506)	(631)	(752)	(766)	(778)	(789)	(802)	(814)	(827)	(841)	(856)	(871)	(887)	(903)	(920)	(31,269)
Sales and Administrative Expenses	0	0	(15)	(35)	(52)	(58)	(59)	(60)	(61)	(62)	(62)	(63)	(65)	(66)	(67)	(68)	(69)	(71)	(2,401)
Depreciation[3]	0	0	(32)	(64)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	0
Total Operational Costs	(257)	(268)	(430)	(606)	(779)	(906)	(921)	(934)	(946)	(959)	(973)	(986)	(1,002)	(1,018)	(1,034)	(1,051)	(1,069)	(1,087)	(36,947)
Utility Operating Income	29	22	26	23	30	90	89	92	94	97	100	103	107	110	114	118	122	126	4,280
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	(24)	(27)	(26)	(22)	(13)	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	0	(61)	(95)	(109)	(101)	(101)	(66)	(31)	(31)	(32)	(32)	(33)	(33)	(34)	(34)	(35)	(36)	(36)	(1,237)
Budget and Non Budget Taxes	0	0	0	0	0	0	(4)	(12)	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(17)	(17)	(18)	(609)
Total Financial Costs and Taxes	0	(84)	(122)	(135)	(123)	(114)	(71)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(52)	(53)	(54)	(1,845)
Net Income	29	(62)	(96)	(112)	(93)	(24)	18	49	51	53	55	57	59	61	64	66	69	72	2,435
Adjustments for Cash Flow																			
Depreciation	0	0	32	64	96	96	96	96	96	96	96	96	96	96	96	96	96	96	3,277
Change In Working Capital[4]			(20)	(21)	(22)	(23)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	
Capital Investments	0	0	(642)	(642)	(642)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(631)	(600)	(568)	73	95	95	94	94	94	94	94	94	94	94	94	94	3,183
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(631)	(600)	(568)	73	95	95	94	94	94	94	94	94	94	94	94	94	3,183
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(96)	(112)	(93)	(24)	22	61	63	66	68	71	74	77	80	83	86	90	3,043
Taxes on EBIT			0	0	0	0	(4)	(12)	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(17)	(17)	(18)	(609)
Cash Flow Adjustments[5]			(631)	(600)	(568)	73	95	95	94	94	94	94	94	94	94	94	94	94	3,183
Adjusted Free Cash Flow			(726)	(712)	(661)	49	113	143	145	147	149	151	153	155	158	160	163	165	5,618
Discounted Adjusted Free Cash Flow			(605)	(494)	(383)	24	45	48	40	34	29	24	21	17	15	12	11	9	45

[1] The financial statements have been restated to reflect an IAS equivalent.
[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)
[3] Based mainly on new investment only
[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable
[5] Includes depreciation, changes in working capital, investments and financial costs
[6] MWH Sold in 1998 6,284
[7] Number of Customers 10,708
[8] Market Value (GEL) (502,745)

Table 1
Kvareli
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	41	95	83	67	286
Operational Expenses					
Operating Expenses	(3)	(4)	(20)	(3)	(31)
Purchased Power	(51)	(62)	(80)	(33)	(226)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	(54)	(67)	(100)	(36)	(257)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(54)	(67)	(100)	(36)	(257)
Utility Operating Income	(13)	28	(17)	31	29
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	0	0	0	0	0
Net Other Income	0	0	0	0	0
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	0	0
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	0	0	0	0
NET INCOME	(13)	28	(17)	31	29

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Kvareli
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	0	0.0	0.0	7	45.0	0.3	22	45.0	1.0	256	45.0	11.5	40	45.0	1.8
February	0	0.0	0.0	3	45.0	0.1	15	45.0	0.7	151	45.0	6.8	54	45.0	2.5
March	0	0.0	0.0	5	45.0	0.2	23	45.0	1.0	308	45.0	13.8	31	45.0	1.4
April	0	0.0	0.0	9	45.0	0.4	21	45.0	1.0	641	45.0	28.9	26	45.0	1.2
May	0	0.0	0.0	10	45.0	0.4	28	45.0	1.2	598	45.0	26.9	34	45.0	1.5
June	0	0.0	0.0	9	45.0	0.4	52	45.0	2.3	633	45.0	28.5	54	45.0	2.4
July	0	0.0	0.0	9	45.0	0.4	3	45.0	0.1	641	45.0	28.9	50	45.0	2.2
August	0	0.0	0.0	9	45.0	0.4	3	45.0	0.1	612	45.0	27.6	47	45.0	2.1
September	0	0.0	0.0	7	45.0	0.3	3	45.0	0.1	402	45.0	18.1	54	45.0	2.4
October	0	0.0	0.0	8	45.0	0.3	3	45.0	0.1	523	45.0	23.5	20	45.0	0.9
November	0	0.0	0.0	10	45.0	0.4	3	45.0	0.2	561	45.0	25.3	73	45.0	3.3
December	0	0.0	0.0	9	60.0	0.5	3	60.0	0.2	164	60.0	9.8	38	60.0	2.3

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Table 3
Kvareli
Georgia Power Privatization
Electricity Purchases

Month	Electricity Purchased		
	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	349	13.5	5
February	240	55.2	13
March	394	82.9	33
April	741	20.0	15
May	713	30.2	22
June	805	32.4	26
July	742	74.1	55
August	730	22.7	17
September	507	17.2	9
October	615	36.2	22
November	703	9.7	7
December	237	15.5	4

Tables 4
Kvareli
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	7	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 5
Kvareli
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	15	23	(8)					(8)	(8)
February	10	28	(26)	0				(26)	(26)
March	16	17	(27)	0	0			(27)	(27)
April	31	19	(15)	0	0	0		(15)	(15)
May	30	26	(10)	0	0	0	0	(10)	(10)
June	34	56	(32)	0	0	0	0	(32)	(32)
July	32	15	(16)	0	0	0	0	(16)	(16)
August	30	8	7	0	0	0	0	7	7
September	21	21	7	0	0	0	0	7	7
October	25	6	25	1	0	0	0	26	26
November	29	4	29	22	0	0	0	51	51
December	13	4	13	29	18	0	0	60	60

Sources: (By Column)

- *1* *Actual figures provided by company*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6.*
- *9* *Cumulative accounts receivable without write-offs.*

Table 6
Kvareli
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	5	22	(17)					(17)	(17)
February	13	29	(33)	0				(33)	(33)
March	33	17	(17)	0	0			(17)	(17)
April	15	19	(21)	0	0	0		(21)	(21)
May	22	26	(25)	0	0	0	0	(25)	(25)
June	26	56	(55)	0	0	0	0	(55)	(55)
July	55	23	(24)	0	0	0	0	(24)	(24)
August	17	16	(23)	0	0	0	0	(23)	(23)
September	9	29	(43)	0	0	0	0	(43)	(43)
October	22	7	(27)	0	0	0	0	(27)	(27)
November	7	3	(24)	0	0	0	0	(24)	(24)
December	4	3	(23)	0	0	0	0	(23)	(23)

Sources. (By Column)

1	*Actual figures provided by company*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance.*
7	*After 90 days the debt is written off and treated as income to the firm*
8	*Sum of columns 3, 4, 5, and 6.*
9	*Cumulative accounts receivable without write-offs.*

Table 10
Lagodexi
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	621	550	925	1,318	1,728	2,154	2,186	2,223	2,261	2,301	2,341	2,383	2,430	2,478	2,528	2,581	2,635	2,691	91,499
Operational Expenses																			
Operating Expenses	(42)	(37)	(51)	(67)	(81)	(87)	(88)	(89)	(91)	(93)	(94)	(96)	(98)	(100)	(102)	(104)	(106)	(108)	(3,685)
Purchased Power	(433)	(525)	(737)	(959)	(1,190)	(1,431)	(1,456)	(1,481)	(1,507)	(1,533)	(1,560)	(1,588)	(1,620)	(1,652)	(1,686)	(1,721)	(1,757)	(1,795)	(61,028)
Wages & Social Costs	(12)	(12)	(39)	(75)	(103)	(115)	(116)	(118)	(121)	(123)	(125)	(127)	(130)	(132)	(135)	(138)	(141)	(144)	(4,882)
Total Operating Expenses	(486)	(574)	(827)	(1,101)	(1,374)	(1,632)	(1,661)	(1,689)	(1,718)	(1,748)	(1,779)	(1,811)	(1,847)	(1,884)	(1,922)	(1,962)	(2,004)	(2,047)	(69,594)
Sales and Administrative Expenses	(1)	(1)	(34)	(77)	(112)	(126)	(128)	(130)	(132)	(134)	(137)	(139)	(142)	(145)	(148)	(151)	(154)	(157)	(5,344)
Depreciation[3]	0	0	(41)	(82)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	(122)	0
Total Operational Costs	(488)	(576)	(901)	(1,259)	(1,608)	(1,880)	(1,911)	(1,941)	(1,972)	(2,005)	(2,038)	(2,073)	(2,111)	(2,151)	(2,193)	(2,236)	(2,280)	(2,327)	(79,103)
Utility Operating Income	133	(25)	24	59	119	273	276	282	289	296	303	310	319	327	336	345	355	365	12,396
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(5)	(4)	(7)	(10)	(13)	(16)	(17)	(17)	(17)	(17)	(18)	(18)	(18)	(19)	(19)	(19)	(20)	(20)	(691)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	92	103	101	83	50	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(57)	(246)	(414)	(479)	(463)	(424)	(248)	(67)	(68)	(69)	(70)	(71)	(73)	(74)	(76)	(77)	(79)	(81)	(2,745)
Budget and Non Budget Taxes	0	0	0	0	0	0	(6)	(43)	(44)	(45)	(47)	(48)	(49)	(51)	(52)	(54)	(55)	(57)	(1,930)
Total Financial Costs and Taxes	(57)	(154)	(310)	(379)	(380)	(374)	(253)	(110)	(112)	(114)	(117)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(4,675)
Net Income	76	(179)	(286)	(320)	(261)	(100)	22	172	177	181	186	191	197	202	208	214	221	227	7,721
Adjustments for Cash Flow																			
Depreciation	0	0	41	82	122	122	122	122	122	122	122	122	122	122	122	122	122	122	4,165
Change In Working Capital[4]			(46)	(48)	(50)	(53)	(4)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(7)	(7)	
Capital Investments	0	0	(817)	(817)	(817)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(822)	(783)	(745)	70	118	118	118	118	117	117	117	117	116	116	116	116	3,929
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(822)	(783)	(745)	70	118	118	118	118	117	117	117	117	116	116	116	116	3,929
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(286)	(320)	(261)	(100)	28	215	221	227	233	239	246	253	260	268	276	284	9 651
Taxes on EBIT			0	0	0	0	(6)	(43)	(44)	(45)	(47)	(48)	(49)	(51)	(52)	(54)	(55)	(57)	(1,930)
Cash Flow Adjustments[5]			(822)	(783)	(745)	70	118	118	118	118	117	117	117	117	116	116	116	116	3,929
Adjusted Free Cash Flow			(1 108)	(1 103)	(1,005)	(31)	141	290	295	299	304	308	313	319	324	330	336	343	11,650
Discounted Adjusted Free Cash Flow			(923)	(766)	(582)	(15)	57	97	82	70	59	50	42	36	30	26	22	19	92

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation).

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 13,671

[7] Number of Customers 13,610

[8] Market Value (GEL) (681,623)

Table 1
Lagodexi
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	109	187	234	91	621
Operational Expenses					
Operating Expenses	(9)	(9)	(12)	(11)	(42)
Purchased Power	(89)	(142)	(113)	(90)	(433)
Wages & Social Costs	(2)	(3)	(3)	(4)	(12)
Total Operating Expenses	(100)	(154)	(127)	(105)	(486)
Sales & Administrative	(0)	0	(0)	(1)	(1)
Depreciation	0	0	0	0	0
Total Operational Expenses	(100)	(154)	(128)	(106)	(488)
Utility Operating Income	8	33	107	(15)	133
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(1)	(2)	(1)	(1)	(5)
Net Other Income	(1)	(2)	(1)	(1)	(5)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	(57)	(57)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	(2)	(1)	(58)	(61)
NET INCOME	7	30	104	(74)	67

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Lagodexi
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	70	45.0	3.2	40	45.0	1.8	0	0.0	0.0	900	45.0	40.5	0	0.0	0.0
February	2	45.0	0.1	0	0.0	0.0	0	0.0	0.0	700	45.0	31.5	0	0.0	0.0
March	2	45.0	0.1	0	0.0	0.0	0	0.0	0.0	700	45.0	31.5	0	0.0	0.0
April	60	45.0	2.7	0	0.0	0.0	0	0.0	0.0	1,100	45.0	49.5	0	0.0	0.0
May	4	45.0	0.2	0	0.0	0.0	0	0.0	0.0	1,500	45.0	67.5	0	0.0	0.0
June	0	0.0	0.0	0	0.0	0.0	1	45.0	0.0	1,500	45.0	67.5	0	0.0	0.0
July	5	45.0	0.2	0	0.0	0.0	0	0.0	0.0	1,200	45.0	54.0	0	0.0	0.0
August	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	1,000	45.0	45.0	0	0.0	0.0
September	4	45.0	0.2	2,000	45.0	90.0	0	0.0	0.0	1,000	45.0	45.0	0	0.0	0.0
October	3	45.0	0.1	0	0.0	0.0	0	0.0	0.0	1,000	45.0	45.0	0	0.0	0.0
November	80	45.0	3.6	0	0.0	0.0	0	0.0	0.0	400	45.0	18.0	0	0.0	0.0
December	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	400	60.0	24.0	0	0.0	0.0

Table 3
Lagodexi
Georgia Power Privatization
Electricity Purchases

Month	Electricity Purchased		
	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	1,100	32.6	36
February	700	34.1	24
March	900	32.1	29
April	1,200	33.5	40
May	1,600	32.7	52
June	1,500	32.9	49
July	1,300	33.3	43
August	1,000	33.2	33
September	1,100	32.9	36
October	1,300	41.7	54
November	450	42.0	19
December	400	42.0	17

Tables 4
Lagodexi
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	1	2	0	0	1	0
May	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	1	4	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
December	0	0	0	0	0	0	0	0	0	4	1	3	0	0	0	0

Table 5
Lagodexi
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	45	13	32					32	32
February	32	24	32	8				40	40
March	32	36	32	3	0			35	35
April	52	28	52	7	0	0		59	59
May	68	9	68	50	0	0	0	118	118
June	68	6	68	68	44	0	0	180	180
July	54	118	54	62	0	0	0	116	116
August	45	21	45	54	41	0	0	140	140
September	135	36	135	45	54	5	0	240	240
October	45	35	45	135	45	19	5	244	249
November	22	12	22	45	135	33	19	235	259
December	24	6	24	22	45	129	33	220	278

Sources: (By Column)

1 Actual figures provided by company.
2 Actual figures provided by company
3 Column 1 -Column 2
4-6 Assumed that money paid goes first to the oldest unpaid balance
7 After 90 days the debt is written off and treated as income to the firm
8 Sum of columns 3, 4, 5, and 6
9 Cumulative accounts receivable without write-offs

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Table 6
Lagodexi
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	36	14	22					22	22
February	24	26	20	0				20	20
March	29	39	10	0	0			10	10
April	40	29	22	0	0	0		22	22
May	52	9	52	13	0	0	0	65	65
June	49	10	49	52	3	0	0	104	104
July	43	120	28	0	0	0	0	28	28
August	33	34	27	0	0	0	0	27	27
September	36	12	36	15	0	0	0	51	51
October	54	39	54	12	0	0	0	67	67
November	19	16	19	51	0	0	0	70	70
December	17	11	17	19	40	0	0	76	76

Sources: (By Column)

1 Actual figures provided by company.
2 Actual figures provided by company.
3 Column 1 -Column 2
4-6 Assumed that money paid goes first to the oldest unpaid balance.
7 After 90 days the debt is written off and treated as income to the firm
8 Sum of columns 3, 4, 5, and 6
9 Cumulative accounts receivable without write-offs

Table 10
Lanchxuti
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual [1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement [2]																			
Net Sales	862	862	1,334	1,826	2,338	2,868	2,914	2,967	3,023	3,082	3,144	3,210	3,272	3,337	3,405	3,476	3,550	3,624	123,218
Operational Expenses																			
Operating Expenses	(32)	(32)	(55)	(84)	(107)	(116)	(118)	(121)	(123)	(125)	(128)	(131)	(134)	(136)	(139)	(142)	(145)	(149)	(5,052)
Purchased Power	(690)	(699)	(979)	(1,275)	(1,586)	(1,913)	(1,959)	(1,997)	(2,036)	(2,077)	(2,121)	(2,168)	(2,211)	(2,257)	(2,305)	(2,356)	(2,408)	(2,461)	(83,667)
Wages & Social Costs	(8)	(8)	(47)	(98)	(138)	(154)	(157)	(160)	(163)	(166)	(170)	(173)	(177)	(181)	(184)	(188)	(193)	(197)	(6,692)
Total Operating Expenses	*(730)*	*(739)*	*(1,081)*	*(1,457)*	*(1,831)*	*(2,184)*	*(2,234)*	*(2,277)*	*(2,322)*	*(2,369)*	*(2,419)*	*(2,472)*	*(2 522)*	*(2,574)*	*(2,629)*	*(2 686)*	*(2,747)*	*(2,806)*	*(95 412)*
Sales and Administrative Expenses	0	0	(44)	(103)	(150)	(169)	(172)	(175)	(178)	(182)	(186)	(190)	(194)	(198)	(202)	(206)	(211)	(215)	(7,326)
Depreciation [3]	0	0	(31)	(62)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	0
Total Operational Costs	(730)	(739)	(1,156)	(1,622)	(2,075)	(2,446)	(2,499)	(2,545)	(2,593)	(2,644)	(2,698)	(2,755)	(2,809)	(2,865)	(2,924)	(2,986)	(3,051)	(3,115)	(105,916)
Utility Operating Income	132	123	178	204	262	422	415	422	430	438	446	454	463	471	480	490	499	509	17,302
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(4)	(4)	(6)	(8)	(10)	(12)	(12)	(13)	(13)	(13)	(13)	(14)	(14)	(14)	(14)	(15)	(15)	(15)	(523)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	120	351	394	384	319	192	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(239)	(519)	(804)	(891)	(845)	(743)	(421)	(89)	(91)	(92)	(94)	(96)	(98)	(100)	(102)	(104)	(107)	(109)	(3,697)
Budget and Non Budget Taxes	0	0	0	0	0	0	0	(67)	(68)	(69)	(70)	(72)	(73)	(74)	(76)	(77)	(79)	(80)	(2,721)
Total Financial Costs and Taxes	(119)	(168)	(410)	(507)	(526)	(550)	(421)	(156)	(158)	(161)	(165)	(168)	(171)	(174)	(178)	(181)	(185)	(189)	(6,418)
Net Income	13	(45)	(232)	(303)	(264)	(128)	(6)	266	271	276	281	287	292	297	303	308	314	320	10,884
Adjustments for Cash Flow																			
Depreciation	0	0	31	62	93	93	93	93	93	93	93	93	93	93	93	93	93	93	3,178
Change In Working Capital [4]			(58)	(61)	(63)	(65)	(6)	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	
Capital Investments	0	0	(623)	(623)	(623)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(650)	(621)	(593)	28	88	87	87	86	86	85	86	85	85	85	84	84	2,868
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(650)	(621)	(593)	28	88	87	87	86	86	85	86	85	85	85	84	84	2,868
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(232)	(303)	(264)	(128)	(6)	333	339	345	352	358	365	371	378	385	393	400	13,605
Taxes on EBIT			0	0	0	0	0	(67)	(68)	(69)	(70)	(72)	(73)	(74)	(76)	(77)	(79)	(80)	(2,721)
Cash Flow Adjustments [5]			(650)	(621)	(593)	28	88	87	87	86	86	85	86	85	85	85	84	84	2,868
Adjusted Free Cash Flow			(882)	(924)	(857)	(100)	81	353	358	362	367	372	378	383	388	393	398	404	13,752
Discounted Adjusted Free Cash Flow			(735)	(642)	(496)	(48)	33	118	100	84	71	60	51	43	36	31	26	22	109

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 18 638

[7] Number of Customers 10,385

[8] Market Value (GEL) (402,198)

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Table 1
Lanchxuti
Georgia Power Privatization
Income Statement for the Period Ending

(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	160	188	278	236	862
Operational Expenses					
Operating Expenses	(8)	(8)	(8)	(8)	(32)
Purchased Power	(124)	(148)	(219)	(199)	(690)
Wages & Social Costs	(2)	(2)	(2)	(2)	(8)
Total Operating Expenses	(134)	(158)	(229)	(210)	(730)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(134)	(158)	(229)	(210)	(730)
Utility Operating Income	26	30	49	27	132
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(0)	(0)	(2)	(1)	(4)
Net Other Income	(0)	(0)	(2)	(1)	(4)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	120	120
Unrealized Accounts Receivable [2]	0	0	0	(239)	(239)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	(0)	(2)	(120)	(123)
NET INCOME	26	30	44	(94)	6

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**

[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Lanchxuti
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	210	45.0	9.5	4	45.0	0.2	1	45.0	0.1	1,399	45.0	63.0	0	0.0	0.0
February	6	45.0	0.3	2	45.0	0.1	1	45.0	0.1	764	45.0	34.4	0	0.0	0.0
March	7	45.0	0.3	3	45.0	0.1	2	45.0	0.1	1,164	45.0	51.9	0	0.0	0.0
April	95	45.0	4.3	2	45.0	0.1	3	45.0	0.1	653	45.0	29.4	0	0.0	0.0
May	118	45.0	5.3	46	45.0	2.1	1	45.0	0.0	885	45.0	39.8	0	0.0	0.0
June	102	45.0	4.6	2	45.0	0.1	2	45.0	0.1	2,277	45.0	102.5	0	0.0	0.0
July	428	45.0	19.2	7	45.0	0.3	2	45.0	0.1	1,464	45.0	65.9	0	0.0	0.0
August	247	45.0	11.1	4	45.0	0.2	2	45.0	0.1	2,262	45.0	101.8	0	0.0	0.0
September	177	45.0	8.0	3	45.0	0.1	2	45.0	0.1	1,572	45.0	70.7	0	0.0	0.0
October	646	45.0	29.1	0	0.0	0.0	0	45.0	0.0	876	45.0	39.4	0	0.0	0.0
November	46	45.0	2.0	2	45.0	0.1	3	45.0	0.1	1,578	45.0	71.0	0	0.0	0.0
December	61	60.0	3.7	3	60.0	0.2	2	60.0	0.1	1,513	60.0	90.8	0	0.0	0.0

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Table 3
Lanchxuti
Georgia Power Privatization
Electricity Purchases

Month	Electricity Purchased		
	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	1,700	33.0	56
February	850	33.0	28
March	1,212	33.0	40
April	815	33.0	27
May	1,133	33.0	37
June	2,535	33.0	84
July	2,088	33.0	69
August	2,650	33.0	87
September	1,888	33.0	62
October	1,638	33.0	54
November	1,754	42.0	74
December	1,699	42.0	71

Tables 4
Lanchxuti
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labór 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	1	2	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	1	2	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	1	2	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	1	2	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	1	3	0	0	1	0
July	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	1	3	0	0	1	0
September	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	1	3	0	0	1	0
November	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0

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Table 5
Lanchxuti
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	73	26	47					47	47
February	35	35	35	12				47	47
March	52	26	52	21	0			74	74
April	34	24	34	49	0	0		83	83
May	47	32	47	34	18	0	0	99	99
June	107	66	107	33	0	0	0	140	140
July	85	22	85	107	11	0	0	203	203
August	113	25	113	85	93	0	0	292	292
September	79	38	79	113	85	55	0	333	333
October	68	10	68	79	113	76	55	336	392
November	73	5	73	68	79	108	76	329	460
December	95	35	95	73	68	44	108	280	520

Sources: (By Column)

1	*Actual figures provided by company*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance*
7	*After 90 days the debt is written off and treated as income to the firm.*
8	*Sum of columns 3, 4, 5, and 6.*
9	*Cumulative accounts receivable without write-offs*

Table 6
Lanchxuti
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	56	23	33					33	33
February	28	36	25	0				25	25
March	40	24	40	1	0			41	41
April	27	27	27	14	0	0		41	41
May	37	33	37	8	0	0	0	45	45
June	84	65	63	0	0	0	0	63	63
July	69	23	69	40	0	0	0	109	109
August	87	26	87	69	14	0	0	170	170
September	62	36	62	87	47	0	0	196	196
October	54	10	54	62	87	37	0	240	240
November	74	4	74	54	62	83	37	273	310
December	71	35	71	74	54	28	83	227	347

Sources (By Column)

1	*Actual figures provided by company.*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance.*
7	*After 90 days the debt is written off and treated as income to the firm*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs*

Table 10
Marneuli
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	1,468	856	1,705	2,596	3,525	4,490	4,554	4,623	4,696	4,770	4,849	4 930	5,010	5,093	5,180	5,270	5,363	5,457	185,526
Operational Expenses																			
Operating Expenses	(130)	(76)	(106)	(141)	(169)	(181)	(184)	(187)	(190)	(193)	(196)	(200)	(203)	(206)	(210)	(214)	(218)	(222)	(7,535)
Purchased Power	(2,146)	(2,109)	(2,508)	(2,825)	(3,089)	(3,317)	(3,046)	(3,094)	(3,143)	(3,195)	(3,249)	(3,306)	(3,361)	(3,418)	(3,478)	(3,540)	(3,605)	(3,670)	(124,783)
Wages & Social Costs	0	0	(62)	(146)	(214)	(240)	(244)	(247)	(251)	(256)	(260)	(264)	(269)	(273)	(278)	(283)	(288)	(294)	(9,981)
Total Operating Expenses	(2,276)	(2,185)	(2 675)	(3,112)	(3,472)	(3,738)	(3,474)	(3,528)	(3,585)	(3,644)	(3,705)	(3,770)	(3,833)	(3,898)	(3,967)	(4,037)	(4,111)	(4,185)	(142,299)
Sales and Administrative Expenses	0	0	(68)	(160)	(234)	(263)	(267)	(271)	(275)	(280)	(285)	(289)	(294)	(299)	(305)	(310)	(316)	(321)	(10,927)
Depreciation[3]	0	0	(91)	(181)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	0
Total Operational Costs	(2,276)	(2,185)	(2,834)	(3,454)	(3,978)	(4,274)	(4,013)	(4,071)	(4,132)	(4,196)	(4,262)	(4,331)	(4,399)	(4 470)	(4,543)	(4,620)	(4,699)	(4,779)	(162,482)
Utility Operating Income	(808)	(1 329)	(1,129)	(858)	(453)	217	541	552	563	575	587	599	611	624	637	650	664	678	23,043
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(30)	(17)	(35)	(53)	(72)	(91)	(92)	(94)	(95)	(97)	(98)	(100)	(102)	(103)	(105)	(107)	(109)	(111)	(3,766)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	204	1,711	1,627	1,375	1,002	538	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(421)	(756)	(1,507)	(1,851)	(1,869)	(1,668)	(914)	(139)	(141)	(143)	(145)	(148)	(150)	(153)	(155)	(158)	(161)	(164)	(5,566)
Budget and Non Budget Taxes	(862)	0	0	0	0	0	0	(83)	(84)	(86)	(88)	(90)	(92)	(94)	(96)	(98)	(101)	(103)	(3,496)
Total Financial Costs and Taxes	(1,079)	955	121	(476)	(867)	(1,130)	(914)	(221)	(225)	(229)	(234)	(238)	(242)	(247)	(252)	(256)	(261)	(267)	(9,061)
Net Income	(1,887)	(375)	(1,008)	(1,334)	(1,320)	(913)	(373)	331	338	345	353	361	368	377	385	393	402	411	13 982
Adjustments for Cash Flow																			
Depreciation	0	0	91	181	272	272	272	272	272	272	272	272	272	272	272	272	272	272	9,256
Change In Working Capital[4]			(105)	(110)	(115)	(119)	(8)	(9)	(9)	(9)	(10)	(10)	(10)	(10)	(11)	(11)	(12)	(12)	
Capital Investments	0	0	(1,815)	(1,815)	(1,815)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(1 829)	(1,743)	(1,657)	153	264	264	263	263	263	262	262	262	262	261	261	261	8 864
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(1,829)	(1,743)	(1,657)	153	264	264	263	263	263	262	262	262	262	261	261	261	8 864
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(1,008)	(1,334)	(1,320)	(913)	(373)	414	422	432	441	451	461	471	481	492	503	514	17,478
Taxes on EBIT			0	0	0	0	0	(83)	(84)	(86)	(88)	(90)	(92)	(94)	(96)	(98)	(101)	(103)	(3,496)
Cash Flow Adjustments[5]			(1 829)	(1,743)	(1,657)	153	264	264	263	263	263	262	262	262	262	261	261	261	8,864
Adjusted Free Cash Flow			(2,837)	(3,077)	(2,977)	(760)	(108)	594	601	608	615	623	631	639	646	655	663	672	22,846
Discounted Adjusted Free Cash Flow			(2 364)	(2 137)	(1,723)	(367)	(44)	199	168	141	119	101	85	72	60	51	43	36	181

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 — 28,550

[7] Number of Customers — 30,248

[8] Market Value (GEL) — (3,013,115)

Table 1
Marneuli
Georgia Power Privatization
Income Statement for the Period Ending

(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	0	118	615	735	1,468
Operational Expenses					
Operating Expenses	0	(19)	(56)	(55)	(130)
Purchased Power	0	(254)	(452)	(1,440)	(2,146)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	0	(273)	(508)	(1,495)	(2,276)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	0	(273)	(508)	(1,495)	(2,276)
Utility Operating Income	0	(155)	107	(760)	(808)
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	0	0	(16)	(14)	(30)
Net Other Income	0	0	(16)	(14)	(30)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	204	204
Unrealized Accounts Receivable [2]	0	0	0	(421)	(421)
Budget and Non Budget Taxes	0	0	(435)	(427)	(862)
Total Financial Cost and Taxes	0	0	(451)	(657)	(1,108)
NET INCOME	0	(155)	(360)	(1,431)	(1,947)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**

[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

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Table 2
Marneuli
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	0	0.0	0.0	0	0.0	0 0	0	0.0	0.0	0	0.0	0.0	0	0 0	0 0
February	0	0.0	0.0	0	0 0	0.0	0	0 0	0.0	0	0.0	0.0	0	0.0	0.0
March	0	0 0	0 0	0	0 0	0 0	0	0.0	0.0	0	0 0	0 0	0	0.0	0.0
April	0	0.0	0.0	0	0 0	0 0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
May	0	0.0	0 0	0	0.0	0.0	0	0 0	0 0	0	0.0	0.0	0	0.0	0.0
June	255	45.2	11.5	10	40.8	0.4	76	44.9	3.4	2,290	45 0	103 0	0	0.0	0.0
July	179	44.8	8.0	10	40 8	0 4	87	45.1	3.9	4,405	45.0	198.2	4	51.3	0.2
August	385	45.0	17 3	5	36.4	0.2	74	44.7	3 3	4,825	45.0	217.1	11	44.6	0.5
September	350	44.9	15.7	16	43.2	0.7	59	44.4	2.6	3,248	45 0	146.2	12	43.5	0.5
October	260	60.0	15.6	11	61 4	0.7	109	59.8	6.5	3,562	60.0	213.7	0	0.0	0.0
November	243	59.7	14.5	11	61.9	0 7	103	60 4	6 2	3,379	60.0	202.7	15	54.1	0.8
December	234	59 8	14 0	6	67.8	0.4	140	59.9	8.4	4,164	60 0	249 8	15	60 0	0.9

Table 3
Marneuli
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	0	#DIV/0!	0
February	0	#DIV/0!	0
March	0	#DIV/0!	0
April	0	#DIV/0!	0
May	2,770	33.0	91
June	4,930	33.0	163
July	5,579	33.0	184
August	3,957	33.0	131
September	4,150	33.0	137
October	3,948	42.0	166
November	4,799	42.0	202
December	30,133	35.6	1,073

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Tables 4
Marneuli
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	19	0	0	0	0	0	0	0	0	0	0	6
July	0	0	0	0	23	0	0	0	0	0	0	0	0	0	0	5
August	0	0	0	0	16	0	0	0	0	0	0	0	0	0	0	5
September	0	0	0	0	14	0	0	0	0	0	0	0	0	0	0	5
October	0	0	0	0	17	0	0	0	0	0	0	0	0	0	0	5
November	0	0	0	0	13	0	0	0	0	0	0	0	0	0	0	5
December	0	0	0	0	21	0	0	0	0	0	0	0	0	0	0	5

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	145
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	149
August	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	142
September	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	141
October	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	145
November	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	141
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	148

Table 1
Mcxeta
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	330	297	193	391	1,211
Operational Expenses					
Operating Expenses	0	0	0	0	0
Purchased Power	(244)	(242)	(222)	(362)	(1,069)
Wages & Social Costs	(57)	(73)	(87)	(97)	(315)
Total Operating Expenses	(301)	(315)	(309)	(459)	(1,383)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(301)	(315)	(309)	(459)	(1,383)
Utility Operating Income	29	(18)	(115)	(68)	(172)
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(8)	(10)	(11)	(13)	(42)
Net Other Income	(8)	(10)	(11)	(13)	(42)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	75	198	197	470
Unrealized Accounts Receivable [2]	0	(100)	(285)	(164)	(550)
Budget and Non Budget Taxes	(21)	(35)	(49)	(59)	(164)
Total Financial Cost and Taxes	(21)	(71)	(147)	(39)	(278)
NET INCOME	(0)	(99)	(273)	(120)	(492)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Mcxeta
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	1	45.0	0.0	2	45.0	0.1	44	45.0	2.0	2,500	45.0	112.5	62	45.0	2.8
February	1	45.0	0.0	2	45.0	0.1	55	45.0	2.5	1,487	45.0	66.9	253	45.0	11.4
March	1	45.0	0.0	2	45.0	0.1	45	45.0	2.0	2,760	45.0	124.2	115	45.0	5.2
April	4	45.0	0.2	2	45.0	0.1	42	45.0	1.9	2,145	45.0	96.5	125	45.0	5.6
May	4	45.0	0.2	2	45.0	0.1	44	45.0	2.0	2,065	45.0	93.8	104	45.0	4.7
June	13	45.0	0.6	2	45.0	0.1	45	45.0	2.0	1,866	45.0	84.0	109	45.0	4.9
July	13	45.0	0.6	2	45.0	0.1	37	45.0	1.7	187	45.0	8.4	116	45.0	5.2
August	3	45.0	0.1	1	45.0	0.0	38	45.0	1.7	1,904	45.0	85.7	47	45.0	2.1
September	8	45.0	0.3	1	45.0	0.0	24	45.0	1.1	1,858	45.0	83.6	58	45.0	2.6
October	7	45.0	0.3	1	45.0	0.0	13	45.0	0.6	2,154	45.0	96.9	121	45.0	5.5
November	3	45.0	0.1	1	45.0	0.0	10	45.0	0.5	2,586	45.0	116.3	58	45.0	2.6
December	2	60.0	0.1	1	60.0	0.1	22	60.0	1.3	2,703	60.0	162.2	75	60.0	4.5

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Table 3
Mcxeta
Georgia Power Privatization
Electricity Purchases

Month	Electricity Purchased		
	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	2,899	33.0	96
February	1,998	33.0	66
March	2,483	33.0	82
April	2,576	33.0	85
May	2,487	33.0	82
June	2,260	33.0	75
July	2,337	33.0	77
August	2,214	33.0	73
September	2,165	33.0	71
October	2,551	42.0	107
November	2,953	42.0	124
December	3,114	42.0	131

Tables 4
Mcxeta
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	6	6	10	0	0	0	2	0
February	0	0	0	0	0	0	0	0	7	8	13	0	0	0	2	0
March	0	0	0	0	0	0	0	0	11	9	14	0	0	0	2	0
April	0	0	0	0	0	0	0	0	12	10	15	0	0	0	3	0
May	0	0	0	0	0	0	0	0	13	11	14	0	0	0	3	0
June	0	0	0	0	0	0	0	0	15	12	15	0	0	0	3	0
July	0	0	0	0	0	0	0	0	16	14	15	0	0	0	3	0
August	0	0	0	0	0	0	0	0	17	14	16	0	0	0	4	0
September	0	0	0	0	0	0	0	0	19	15	16	0	0	0	4	0
October	0	0	0	0	0	0	0	0	20	16	17	0	0	0	4	0
November	0	0	0	0	0	0	0	0	21	17	16	0	0	0	4	0
December	0	0	0	0	0	0	0	0	20	18	16	0	0	0	5	0

Table 5
Mcxeta
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	117	17	100					100	100
February	81	35	81	65				146	146
March	132	12	132	81	53			265	265
April	104	12	104	132	81	40		357	357
May	101	21	101	104	132	60	40	397	437
June	92	21	92	101	104	111	60	407	508
July	16	18	16	92	101	86	111	295	506
August	90	12	90	16	92	88	86	286	583
September	88	19	88	90	16	72	88	266	652
October	103	4	103	88	90	11	72	292	750
November	120	10	120	103	88	80	11	391	860
December	168	7	168	120	103	81	80	472	1,022

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs.*

Table 6
Mcxeta
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	96	6	89					89	89
February	66	35	66	54				120	120
March	82	12	82	66	42			190	190
April	85	12	85	82	66	30		263	263
May	82	21	82	85	82	45	30	294	324
June	75	21	75	82	85	61	45	303	377
July	77	18	77	75	82	67	61	301	437
August	73	12	73	77	75	70	67	295	497
September	71	19	71	73	77	55	70	277	550
October	107	4	107	71	73	73	55	324	652
November	124	4	124	107	71	69	73	372	772
December	131	15	131	124	107	56	69	418	888

Sources: (By Column)

1	*Actual figures provided by company*
2	*Actual figures provided by company.*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance.*
7	*After 90 days the debt is written off and treated as income to the firm.*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs.*

Table 6
Oni
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	16	0	16					16	16
February	10	1	10	15				25	25
March	13	0	13	10	15			38	38
April	17	1	17	13	10	14		54	54
May	18	1	18	17	13	9	14	58	71
June	17	0	17	18	17	13	9	65	88
July	21	2	21	17	18	15	13	71	107
August	23	0	23	21	17	18	15	79	130
September	15	0	15	23	21	16	18	76	144
October	16	1	16	15	23	20	16	74	159
November	13	1	13	16	15	22	20	66	171
December	13	2	13	13	16	14	22	56	183

Sources: (By Column)

1	*Actual figures provided by company.*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance.*
7	*After 90 days the debt is written off and treated as income to the firm*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs*

Table 10
Oni
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	213	214	335	465	603	750	775	812	850	889	931	975	1,029	1,086	1,146	1,210	1,277	1,348	45,844
Operational Expenses																			
Operating Expenses	0	0	(8)	(18)	(27)	(30)	(31)	(33)	(34)	(36)	(37)	(39)	(41)	(44)	(46)	(49)	(51)	(54)	(1,845)
Purchased Power	(193)	(195)	(269)	(346)	(425)	(508)	(517)	(541)	(566)	(593)	(621)	(650)	(686)	(724)	(764)	(807)	(852)	(899)	(30,560)
Wages & Social Costs	0	0	(10)	(24)	(35)	(40)	(41)	(43)	(45)	(47)	(50)	(52)	(55)	(58)	(61)	(65)	(68)	(72)	(2,444)
Total Operating Expenses	(193)	(195)	(287)	(388)	(487)	(578)	(589)	(617)	(646)	(676)	(708)	(741)	(782)	(826)	(871)	(920)	(971)	(1,025)	(34,850)
Sales and Administrative Expenses	0	0	(11)	(26)	(38)	(44)	(45)	(47)	(50)	(52)	(54)	(57)	(60)	(63)	(67)	(71)	(75)	(79)	(2,676)
Depreciation[3]	0	0	(10)	(19)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	0
Total Operational Costs	(193)	(195)	(308)	(434)	(555)	(651)	(663)	(693)	(724)	(757)	(791)	(827)	(871)	(918)	(967)	(1,020)	(1,075)	(1,133)	(38,518)
Utility Operating Income	20	19	28	31	48	99	112	118	125	133	140	148	158	168	179	190	203	215	7,327
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	128	185	205	197	161	96	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(60)	(125)	(195)	(219)	(211)	(188)	(109)	(24)	(25)	(27)	(28)	(29)	(31)	(33)	(34)	(36)	(38)	(40)	(1,375)
Budget and Non Budget Taxes	0	(16)	(7)	(2)	0	(2)	(1)	(19)	(20)	(21)	(22)	(24)	(25)	(27)	(29)	(31)	(33)	(35)	(1,190)
Total Financial Costs and Taxes	68	45	2	(24)	(49)	(93)	(109)	(43)	(45)	(48)	(50)	(53)	(56)	(60)	(63)	(67)	(71)	(75)	(2,566)
Net Income	87	64	30	7	(1)	6	2	75	80	85	90	95	101	108	116	123	131	140	4,761
Adjustments for Cash Flow																			
Depreciation	0	0	10	19	29	29	29	29	29	29	29	29	29	29	29	29	29	29	992
Change In Working Capital[4]			(15)	(16)	(17)	(18)	(3)	(4)	(5)	(5)	(5)	(5)	(7)	(7)	(7)	(8)	(8)	(9)	
Capital Investments	0	0	(194)	(194)	(194)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(200)	(191)	(182)	11	26	25	24	24	24	24	23	22	22	21	21	20	695
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(200)	(191)	(182)	11	26	25	24	24	24	24	23	22	22	21	21	20	695
Valuation																			
Earnings Before Interest and Taxes (EBIT)			37	9	(1)	8	3	94	100	106	112	119	127	135	145	154	164	175	5,951
Taxes on EBIT			(7)	(2)	0	(2)	(1)	(19)	(20)	(21)	(22)	(24)	(25)	(27)	(29)	(31)	(33)	(35)	(1,190)
Cash Flow Adjustments[5]			(200)	(191)	(182)	11	26	25	24	24	24	24	23	22	22	21	21	20	695
Adjusted Free Cash Flow			(170)	(184)	(183)	17	28	100	104	109	114	119	124	130	137	145	152	160	5,456
Discounted Adjusted Free Cash Flow			(136)	(118)	(94)	7	9	26	22	18	15	13	11	9	8	6	5	5	18

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 4,625

[7] Number of Customers 3 241

[8] Market Value (GEL) (39,197)

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Table 1
Oni
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	41	53	74	46	213
Operational Expenses					
Operating Expenses	0	0	0	0	0
Purchased Power	(40)	(52)	(59)	(42)	(193)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	(40)	(52)	(59)	(42)	(193)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(40)	(52)	(59)	(42)	(193)
Utility Operating Income	1	1	15	4	20
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	0	0	0	0	0
Net Other Income	0	0	0	0	0
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	23	46	59	128
Unrealized Accounts Receivable [2]	0	0	(2)	(58)	(60)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	23	44	1	68
NET INCOME	1	24	59	4	87

[1] It is assumed that accounts receivable 90 days or older are written off and treated as income.
[2] It is assumed that accounts receivable 90 days or older are written off as bad debt expense

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Table 2
Oni
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	9	45.0	0.4	1	45.0	0.1	278	45.0	12.5	27	45.0	1.2	50	45.0	2.2
February	8	45.0	0.3	1	45.0	0.0	193	45.0	8.7	7	45.0	0.3	32	45.0	1.4
March	12	45.0	0.6	1	45.0	0.1	227	45.0	10.2	15	45.0	0.7	39	45.0	1.7
April	10	45.0	0.5	1	45.0	0.0	310	45.0	14.0	4	45.0	0.2	51	45.0	2.3
May	7	45.0	0.3	1	45.0	0.0	341	45.0	15.4	5	45.0	0.2	56	45.0	2.5
June	7	45.0	0.3	1	45.0	0.0	319	45.0	14.4	5	45.0	0.2	50	45.0	2.3
July	6	45.0	0.3	1	45.0	0.0	410	45.0	18.5	8	45.0	0.4	64	45.0	2.9
August	6	45.0	0.3	3	45.0	0.1	611	45.0	27.5	4	45.0	0.2	69	45.0	3.1
September	6	45.0	0.3	3	45.0	0.1	406	45.0	18.3	3	45.0	0.1	46	45.0	2.1
October	5	45.0	0.2	1	45.0	0.0	331	45.0	14.9	5	45.0	0.2	38	45.0	1.7
November	4	45.0	0.2	2	45.0	0.1	143	45.0	6.5	30	45.0	1.4	30	45.0	1.3
December	6	60.0	0.4	1	60.0	0.1	277	60.0	16.6	3	60.0	0.2	32	60.0	1.9

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Table 3
Oni
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	498	33.0	16
February	316	33.0	10
March	388	33.0	13
April	513	33.0	17
May	558	33.0	18
June	503	33.0	17
July	645	33.0	21
August	693	33.0	23
September	465	33.0	15
October	380	42.0	16
November	299	42.0	13
December	320	42.0	13

Tables 4
Oni
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 5
Oni
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	16	10	6					6	6
February	11	14	3	0				3	3
March	13	16	(1)	0	0			(1)	(1)
April	17	13	3	0	0	0		3	3
May	18	4	18	0	0	0	0	18	18
June	17	2	17	16	0	0	0	33	33
July	22	11	22	17	5	0	0	44	44
August	31	3	31	22	17	2	0	72	72
September	21	9	21	31	22	8	2	82	84
October	17	3	17	21	31	19	8	89	99
November	9	1	9	17	21	31	19	78	107
December	19	3	19	9	17	18	31	64	124

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6.*
- *9* *Cumulative accounts receivable without write-offs.*

Table 6
Oni
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	16	0	16					16	16
February	10	1	10	15				25	25
March	13	0	13	10	15			38	38
April	17	1	17	13	10	14		54	54
May	18	1	18	17	13	9	14	58	71
June	17	0	17	18	17	13	9	65	88
July	21	2	21	17	18	15	13	71	107
August	23	0	23	21	17	18	15	79	130
September	15	0	15	23	21	16	18	76	144
October	16	1	16	15	23	20	16	74	159
November	13	1	13	16	15	22	20	66	171
December	13	2	13	13	16	14	22	56	183

Sources: (By Column)

1	*Actual figures provided by company.*
2	*Actual figures provided by company.*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance.*
7	*After 90 days the debt is written off and treated as income to the firm*
8	*Sum of columns 3, 4, 5, and 6.*
9	*Cumulative accounts receivable without write-offs*

Tables 4
Ozurgeti
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	21	0	0	0	0	0	0	0	3
April	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	1
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	40	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	4
August	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	28	0	0	0	0	0	0	0	1
October	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	1
December	0	0	1	0	0	0	0	31	0	0	0	0	0	0	0	5

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 80-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	4	15	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	2	8	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	2	8	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	2	10	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	5	18	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	3	10	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	4	10	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	2	8	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	2	7	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	2	9	0	0	0	0

Table 10
Ozurgeti
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	1,995	2,022	3,030	4,075	5,169	6,324	6,619	7,061	7,543	8,067	8,638	9,259	9,816	10,414	11,054	11,742	12,479	13,199	448,769
Operational Expenses																			
Operating Expenses	(103)	(105)	(151)	(209)	(254)	(273)	(286)	(306)	(327)	(350)	(376)	(403)	(428)	(455)	(483)	(514)	(546)	(578)	(19,667)
Purchased Power	(2,079)	(2,101)	(2,727)	(3,354)	(3,988)	(4,633)	(4,739)	(5,064)	(5,418)	(5 804)	(6,224)	(6,681)	(7,090)	(7,530)	(8,001)	(8,507)	(9,050)	(9,580)	(325,719)
Wages & Social Costs	(30)	(30)	(120)	(236)	(327)	(362)	(379)	(405)	(433)	(464)	(498)	(534)	(567)	(602)	(640)	(680)	(724)	(766)	(26,054)
Total Operating Expenses	(2 212)	(2,235)	(2,998)	(3,799)	(4,569)	(5,268)	(5,404)	(5,775)	(6,179)	(6,618)	(7,097)	(7,618)	(8,086)	(8,587)	(9,125)	(9,701)	(10,320)	(10,925)	(371,441)
Sales and Administrative Expenses	(104)	(104)	(184)	(285)	(364)	(396)	(415)	(443)	(474)	(508)	(545)	(585)	(621)	(659)	(701)	(745)	(792)	(839)	(28,522)
Depreciation[3]	(1)	(1)	(68)	(135)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	0
Total Operational Costs	(2,317)	(2,340)	(3,249)	(4,219)	(5,136)	(5,867)	(6,022)	(6,421)	(6,856)	(7,330)	(7,845)	(8,406)	(8,910)	(9,449)	(10,028)	(10,649)	(11,316)	(11,966)	(406,861)
Utility Operating Income	(322)	(318)	(219)	(144)	33	457	597	640	687	738	793	853	907	964	1 026	1 092	1,163	1,233	41,908
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(10)	(10)	(15)	(20)	(26)	(32)	(33)	(36)	(38)	(41)	(43)	(47)	(49)	(52)	(56)	(59)	(63)	(66)	(2,257)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	662	1,198	1,243	1,147	909	528	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(695)	(1,217)	(1,823)	(1 986)	(1,866)	(1,636)	(955)	(212)	(226)	(242)	(259)	(278)	(294)	(312)	(332)	(352)	(374)	(396)	(13,463)
Budget and Non Budget Taxes	0	0	0	0	0	0	0	(86)	(92)	(99)	(107)	(115)	(122)	(130)	(139)	(148)	(158)	(167)	(5,689)
Total Financial Costs and Taxes	(34)	(19)	(580)	(839)	(957)	(1,108)	(955)	(298)	(318)	(341)	(366)	(393)	(417)	(443)	(471)	(500)	(532)	(563)	(19,152)
Net Income	(356)	(337)	(799)	(983)	(924)	(651)	(358)	343	369	397	427	460	490	522	556	592	631	669	22,756
Adjustments for Cash Flow																			
Depreciation	1	1	68	135	203	203	203	203	203	203	203	203	203	203	203	203	203	203	6,898
Change In Working Capital[4]			(124)	(129)	(135)	(142)	(36)	(55)	(59)	(65)	(70)	(77)	(69)	(74)	(79)	(85)	(91)	(89)	
Capital Investments	0	0	(1,353)	(1,353)	(1,353)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	1	1	(1,409)	(1,346)	(1,285)	60	167	148	144	138	133	126	134	129	124	118	112	114	3,880
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	1	1	(1,409)	(1,346)	(1,285)	60	167	148	144	138	133	126	134	129	124	118	112	114	3,880
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(799)	(983)	(924)	(651)	(358)	428	461	496	534	575	612	652	695	740	789	837	28,445
Taxes on EBIT			0	0	0	0	0	(86)	(92)	(99)	(107)	(115)	(122)	(130)	(139)	(148)	(158)	(167)	(5 689)
Cash Flow Adjustments[5]			(1,409)	(1,346)	(1,285)	60	167	148	144	138	133	126	134	129	124	118	112	114	3,880
Adjusted Free Cash Flow			(2,208)	(2 329)	(2 208)	(590)	(192)	491	512	535	559	586	624	651	680	710	743	783	26,636
Discounted Adjusted Free Cash Flow			(1,766)	(1,491)	(1 131)	(242)	(63)	129	107	90	75	63	54	45	37	31	26	22	88

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation).

[3] Based mainly on new investment only.

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs.

[6] MWH Sold in 1998 47,591

[7] Number of Customers 22,543

[8] Market Value (GEL) (2,158 748)

Table 1
Ozurgeti
Georgia Power Privatization
Income Statement for the Period Ending

(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	332	753	475	435	1,995
Operational Expenses					
Operating Expenses	(22)	(19)	(38)	(25)	(103)
Purchased Power	(368)	(768)	(485)	(458)	(2,079)
Wages & Social Costs	(8)	(4)	(10)	(8)	(30)
Total Operating Expenses	(398)	(791)	(532)	(490)	(2,212)
Sales & Administrative	(6)	(23)	(45)	(30)	(104)
Depreciation	0	(0)	(0)	(1)	(1)
Total Operational Expenses	(404)	(815)	(577)	(521)	(2,317)
Utility Operating Income	(72)	(62)	(102)	(86)	(322)
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	0	(3)	(4)	(2)	(10)
Net Other Income	0	(3)	(4)	(2)	(10)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	103	558	662
Unrealized Accounts Receivable [2]	0	0	(150)	(546)	(695)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	(3)	(51)	10	(44)
NET INCOME	(72)	(68)	(157)	(78)	(376)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**

[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Ozurgeti
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	2,111	40.0	84.4	9	40.0	0 3	11	40 0	0.4	1,070	40.0	42.6	0	0.0	0.0
February	2,007	40 0	80.3	6	39.7	0.2	10	40.2	0.4	1,468	40 0	58.7	0	0 0	0 0
March	889	40.0	35 6	10	39.2	0.4	19	39 8	0.7	683	40.0	27.3	0	0.0	0.0
April	4,041	40.2	162.6	33	39.8	1.3	21	40 0	0.8	908	40.0	36.3	0	0.0	0.0
May	5,328	40 0	213.1	64	39.9	2.5	7	40.5	0.3	1,400	40.0	56 0	0	0.0	0.0
June	4,297	40.0	171 9	41	40.0	1.6	5	40.4	0.2	2,658	40.0	106.3	0	0.0	0.0
July	4,416	40.0	176.7	38	40.0	1.5	4	40.3	0 2	640	40.0	25 6	0	0.0	0.0
August	3,838	40 0	153.5	36	39.9	1.4	4	37.8	0.1	723	40.0	28.9	0	0.0	0 0
September	6	39.7	0 2	0	0 0	0 0	4	39.0	0.2	2,090	41.4	86.6	0	0.0	0.0
October	2,577	50.0	129.0	87	50.1	4.3	4	48.8	0 2	332	50.0	16.6	0	0 0	0.0
November	3,910	50 0	195.5	56	50 1	2.8	4	48.8	0.2	130	50.0	6.5	0	0.0	0.0
December	1,273	50 0	63 7	33	50 0	1.7	3	50.0	0.2	290	50.0	14.5	0	0.0	0.0

Table 3
Ozurgeti
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	**MWH Purchased**	**GEL Paid Per MWH**	**Total Cost (000)**
January (1998)	4,410	33.0	146
February	4,614	33.0	152
March	2,140	33.0	71
April	6,654	33.0	220
May	8,172	33.0	270
June	8,446	33.0	279
July	6,673	33.0	220
August	5,445	33.0	180
September	2,583	33.0	85
October	3,611	42.0	152
November	5,224	42.0	219
December	2,060	42.0	87

Tables 4
Ozurgeti
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	21	0	0	0	0	0	0	0	3
April	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	1
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	40	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	4
August	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	28	0	0	0	0	0	0	0	1
October	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	1
December	0	0	1	0	0	0	0	31	0	0	0	0	0	0	0	5

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	4	15	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	2	8	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	2	9	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	2	10	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	5	18	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	3	10	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	4	10	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	2	8	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	2	7	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	2	9	0	0	0	0

Table 5
Ozurgeti
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	128	140	(12)					(12)	(12)
February	140	64	64	0				64	64
March	64	64	64	0	0			64	64
April	201	56	201	9	0	0		210	210
May	272	79	272	131	0	0	0	403	403
June	280	153	280	249	0	0	0	529	529
July	204	43	204	280	206	0	0	690	690
August	184	56	184	204	280	150	0	818	818
September	87	83	87	184	204	197	150	672	822
October	150	28	150	87	184	176	197	598	945
November	205	12	205	150	87	172	176	614	1,137
December	80	17	80	205	150	70	172	505	1,200

Sources: (By Column)

1 Actual figures provided by company
2 Actual figures provided by company
3 Column 1 - Column 2
4-6 Assumed that money paid goes first to the oldest unpaid balance
7 After 90 days the debt is written off and treated as income to the firm.
8 Sum of columns 3, 4, 5, and 6
9 Cumulative accounts receivable without write-offs

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Table 6
Ozurgeti
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	146	213	(68)					(68)	(68)
February	152	70	15	0				15	15
March	71	61	25	0	0			25	25
April	220	69	175	0	0	0		175	175
May	270	75	270	100	0	0	0	370	370
June	279	155	279	215	0	0	0	493	493
July	220	48	220	279	167	0	0	666	666
August	180	63	180	220	279	103	0	782	782
September	85	82	85	180	220	196	103	682	785
October	152	30	152	85	180	190	196	607	907
November	219	8	219	152	85	172	190	628	1,118
December	87	19	87	219	152	66	172	523	1,185

Sources. (By Column)

1	*Actual figures provided by company*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance*
7	*After 90 days the debt is written off and treated as income to the firm.*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs*

Table 6
Potis Eleqtrogselebi
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	134	95	40					40	40
February	101	98	42	0				42	42
March	155	402	(205)	0	0			(205)	(205)
April	143	121	(183)	0	0	0		(183)	(183)
May	111	97	(168)	0	0	0	0	(168)	(168)
June	128	116	(155)	0	0	0	0	(155)	(155)
July	129	130	(156)	0	0	0	0	(156)	(156)
August	135	95	(115)	0	0	0	0	(115)	(115)
September	99	63	(79)	0	0	0	0	(79)	(79)
October	164	160	(76)	0	0	0	0	(76)	(76)
November	155	44	36	0	0	0	0	36	36
December	161	36	161	0	0	0	0	162	162

Sources: (By Column)

1	*Actual figures provided by company.*
2	*Actual figures provided by company.*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance*
7	*After 90 days the debt is written off and treated as income to the firm*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs.*

Table 10
Potis Eleqtrogselebi
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual [1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement [2]																			
Net Sales	1,990	2,061	3,020	4,022	5,070	6,166	6,332	6,561	6,805	7,067	7,348	7,648	7,940	8,249	8,578	8,928	9,299	9,669	328,753
Operational Expenses																			
Operating Expenses	(13)	(13)	(77)	(161)	(228)	(254)	(261)	(271)	(282)	(293)	(305)	(318)	(331)	(344)	(358)	(373)	(389)	(405)	(13,776)
Purchased Power	(1,617)	(1 606)	(2,213)	(2,849)	(3,514)	(4,211)	(4,329)	(4,492)	(4,666)	(4,853)	(5,054)	(5 269)	(5,477)	(5,697)	(5 932)	(6,181)	(6,446)	(6,710)	(228,148)
Wages & Social Costs	(4)	(4)	(91)	(208)	(300)	(337)	(346)	(359)	(373)	(388)	(404)	(421)	(438)	(456)	(474)	(494)	(516)	(537)	(18,249)
Total Operating Expenses	(1,634)	(1,623)	(2,381)	(3,218)	(4,042)	(4,802)	(4,937)	(5,122)	(5,321)	(5,534)	(5,763)	(6,009)	(6,245)	(6,497)	(6,764)	(7,049)	(7,351)	(7,652)	(260,174)
Sales and Administrative Expenses	0	0	(96)	(226)	(328)	(369)	(379)	(393)	(409)	(425)	(443)	(461)	(480)	(499)	(519)	(541)	(564)	(588)	(19,978)
Depreciation [3]	(78)	(78)	(38)	(76)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	0
Total Operational Costs	(1,712)	(1,701)	(2,515)	(3,520)	(4,485)	(5,286)	(5,430)	(5,630)	(5,844)	(6,074)	(6,320)	(6,584)	(6,839)	(7,110)	(7,398)	(7,704)	(8,030)	(8,354)	(284,039)
Utility Operating Income	278	360	505	503	585	880	902	931	961	994	1,028	1,064	1,101	1,139	1,180	1,223	1,269	1,315	44,714
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(7)	(7)	(10)	(13)	(17)	(20)	(21)	(22)	(23)	(23)	(24)	(25)	(26)	(27)	(28)	(30)	(31)	(32)	(1,089)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	161	177	171	141	84	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	0	(418)	(613)	(677)	(617)	(611)	(409)	(197)	(204)	(212)	(220)	(229)	(238)	(247)	(257)	(268)	(279)	(290)	(9,863)
Budget and Non Budget Taxes	(0)	(20)	(14)	0	(22)	(71)	(99)	(147)	(151)	(156)	(161)	(167)	(172)	(178)	(185)	(191)	(198)	(205)	(6,970)
Total Financial Costs and Taxes	(0)	(278)	(449)	(506)	(498)	(598)	(508)	(344)	(356)	(368)	(382)	(396)	(411)	(426)	(442)	(459)	(477)	(495)	(16,833)
Net Income	278	82	55	(3)	87	283	395	587	606	625	646	668	690	713	738	764	792	820	27,881
Adjustments for Cash Flow																			
Depreciation	78	78	38	76	114	114	114	114	114	114	114	114	114	114	114	114	114	114	3,888
Change In Working Capital [4]			(118)	(124)	(129)	(135)	(21)	(28)	(30)	(32)	(35)	(37)	(36)	(38)	(41)	(43)	(46)	(46)	
Capital Investments	0	0	(762)	(762)	(762)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	78	78	(842)	(810)	(777)	(21)	94	86	84	82	80	77	78	76	74	71	69	69	2,336
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	78	78	(842)	(810)	(777)	(21)	94	86	84	82	80	77	78	76	74	71	69	69	2,336
Valuation																			
Earnings Before Interest and Taxes (EBIT)			69	(3)	109	353	493	734	757	781	807	834	862	892	923	956	990	1 025	34 851
Taxes on EBIT			(14)	0	(22)	(71)	(99)	(147)	(151)	(156)	(161)	(167)	(172)	(178)	(185)	(191)	(198)	(205)	(6,970)
Cash Flow Adjustments [5]			(842)	(810)	(777)	(21)	94	86	84	82	80	77	78	76	74	71	69	69	2,336
Adjusted Free Cash Flow			(787)	(813)	(690)	262	489	674	690	707	726	745	768	790	812	836	861	889	30 217
Discounted Adjusted Free Cash Flow			(630)	(520)	(353)	107	160	177	145	119	97	80	66	54	45	37	30	25	100

[1] The financial statements have been restated to reflect an IAS equivalent.
[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)
[3] Based mainly on new investment only
[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.
[5] Includes depreciation, changes in working capital, investments and financial costs
[6] MWH Sold in 1998 41,281
[7] Number of Customers 12,705
[8] Market Value (GEL) 367,872

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Table 1
Potis Eleqtrogselebi
Georgia Power Privatization
Income Statement for the Period Ending

(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	476	469	456	589	1,990
Operational Expenses					
Operating Expenses	(3)	(3)	(3)	(3)	(13)
Purchased Power	(390)	(383)	(364)	(481)	(1,617)
Wages & Social Costs	(1)	(1)	(1)	(1)	(4)
Total Operating Expenses	(393)	(387)	(368)	(485)	(1,634)
Sales & Administrative	0	0	0	0	0
Depreciation	(10)	(23)	(23)	(23)	(78)
Total Operational Expenses	(404)	(410)	(391)	(508)	(1,712)
Utility Operating Income	72	59	65	81	278
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(2)	(2)	(2)	(2)	(7)
Net Other Income	(2)	(2)	(2)	(2)	(7)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	0	0
Budget and Non Budget Taxes	(0)	(0)	(0)	(0)	(0)
Total Financial Cost and Taxes	(0)	(2)	(2)	(2)	(5)
NET INCOME	71	56	62	77	266

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**

[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Potis Eleqtrogselebi
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	1,307	44.4	58.0	37	45.9	1 7	147	44.9	6.6	1,732	45.0	78.0	437	45.1	19.7
February	1,179	44 1	52.0	35	45.7	1.6	145	44.8	6.5	1,077	44.6	48.0	311	47.9	14.9
March	1,248	44.1	55 0	32	43 8	1.4	91	45.1	4.1	2,139	44.9	96.0	707	46.0	32.5
April	1,234	44 6	55.0	38	44.7	1.7	85	44 7	3.8	2,279	45.2	103.0	317	42.6	13.5
May	1,136	44 0	50.0	35	45.7	1.6	81	44.4	3.6	1,571	45.2	71.0	236	37.3	8.8
June	1,284	42.1	54 0	39	46 2	1 8	72	44.4	3.2	1,789	45.3	81.0	386	44.0	17.0
July	1,226	41.6	51.0	38	44.7	1.7	36	44 4	1.6	2,004	44.9	90.0	299	52.5	15.7
August	1,080	43 5	47.0	28	42 9	1.2	51	45.1	2.3	2,227	44 9	100.0	356	46.3	16.5
September	536	41.0	22.0	32	43 8	1 4	53	44.4	2.6	2,005	44.9	90.0	270	47.4	12.8
October	493	58.8	29.0	31	58.1	1.8	53	60.4	3 2	2,659	48.9	130.0	278	54.0	15.0
November	356	53 4	19 0	38	73.7	2.8	52	59.6	3.1	2,469	59 9	148 0	443	66.8	29.6
December	756	59.5	45 0	39	61 5	2.4	110	60.0	6 6	1,932	59.5	115.0	116	330.4	38.0

Table 3
Potis Eleqtrogselebi
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	4,066	33.0	134
February	3,051	33.0	101
March	4,687	33.0	155
April	4,345	33.0	143
May	3,366	33.0	111
June	3,890	33.0	128
July	3,915	33.0	129
August	4,099	33.0	135
September	3,005	33.0	99
October	3,903	42.0	164
November	3,702	42.0	155
December	3,843	42.0	161

Tables 4
potis Eleqtrogselebi
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
March	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
April	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
May	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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Table 5
Potis Eleqtrogselebi
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	164	95	69					69	69
February	123	483	(291)	0				(291)	(291)
March	189	145	(247)	0	0			(247)	(247)
April	177	121	(192)	0	0	0		(192)	(192)
May	135	97	(153)	0	0	0	0	(153)	(153)
June	157	116	(112)	0	0	0	0	(112)	(112)
July	160	130	(82)	0	0	0	0	(82)	(82)
August	167	95	(10)	0	0	0	0	(10)	(10)
September	129	63	56	0	0	0	0	56	56
October	179	161	74	0	0	0	0	74	74
November	203	44	203	30	0	0	0	233	233
December	207	36	207	197	0	0	0	404	404

Sources: (By Column)

- *1* *Actual figures provided by company*
- *2* *Actual figures provided by company*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm.*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs.*

Table 6
Potis Eleqtrogselebi
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	134	95	40					40	40
February	101	98	42	0				42	42
March	155	402	(205)	0	0			(205)	(205)
April	143	121	(183)	0	0	0		(183)	(183)
May	111	97	(168)	0	0	0	0	(168)	(168)
June	128	116	(155)	0	0	0	0	(155)	(155)
July	129	130	(156)	0	0	0	0	(156)	(156)
August	135	95	(115)	0	0	0	0	(115)	(115)
September	99	63	(79)	0	0	0	0	(79)	(79)
October	164	160	(76)	0	0	0	0	(76)	(76)
November	155	44	36	0	0	0	0	36	36
December	161	36	161	0	0	0	0	162	162

Sources: (By Column)

1	*Actual figures provided by company.*
2	*Actual figures provided by company*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance.*
7	*After 90 days the debt is written off and treated as income to the firm*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs*

Table 1
Qureli
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	1,220	901	748	1,621	4,490
Operational Expenses					
Operating Expenses	(0)	(2)	(3)	(5)	(11)
Purchased Power	(1,086)	(735)	(633)	(1,303)	(3,756)
Wages & Social Costs	(99)	(107)	(115)	(113)	(434)
Total Operating Expenses	(1,186)	(844)	(751)	(1,420)	(4,201)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	(133)	(133)
Total Operational Expenses	(1,186)	(844)	(751)	(1,553)	(4,334)
Utility Operating Income	35	57	(3)	67	156
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(37)	(29)	(24)	(83)	(172)
Net Other Income	(37)	(29)	(24)	(83)	(172)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	210	570	399	1,179
Unrealized Accounts Receivable [2]	0	(248)	(767)	(540)	(1,556)
Budget and Non Budget Taxes	(145)	(173)	(181)	(220)	(720)
Total Financial Cost and Taxes	(145)	(240)	(403)	(444)	(1,232)
NET INCOME	(147)	(212)	(430)	(460)	(1,249)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 10
Qureli
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual [1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement [2]																			
Net Sales	4,490	4 425	6,745	9,175	11,708	14,343	14,568	14,825	15,091	15,367	15,652	15,947	16,274	16,615	16,969	17,338	17,722	18,118	616,018
Operational Expenses																			
Operating Expenses	(11)	(11)	(157)	(355)	(514)	(577)	(586)	(597)	(607)	(619)	(630)	(642)	(655)	(669)	(684)	(699)	(714)	(730)	(24,832)
Purchased Power	(3,756)	(3,688)	(5,120)	(6,591)	(8,098)	(9,639)	(9,708)	(9,881)	(10,060)	(10,245)	(10,437)	(10,636)	(10,856)	(11,085)	(11,323)	(11,571)	(11,829)	(12,096)	(411,260)
Wages & Social Costs	(434)	(434)	(533)	(638)	(723)	(765)	(777)	(790)	(805)	(820)	(835)	(851)	(868)	(887)	(906)	(926)	(946)	(968)	(32,896)
Total Operating Expenses	(4,201)	(4,132)	(5,809)	(7,584)	(9,335)	(10,981)	(11,071)	(11,268)	(11,472)	(11,684)	(11,902)	(12,129)	(12,380)	(12,641)	(12,912)	(13,195)	(13,490)	(13,794)	(468,988)
Sales and Administrative Expenses	0	0	(215)	(509)	(743)	(837)	(850)	(865)	(881)	(897)	(914)	(931)	(951)	(971)	(991)	(1,013)	(1,036)	(1,059)	(36,013)
Depreciation [3]	(133)	(133)	(46)	(92)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	(137)	0
Total Operational Costs	(4 334)	(4 265)	(6,070)	(8,184)	(10 216)	(11 955)	(12 058)	(12,271)	(12 490)	(12,718)	(12,954)	(13,198)	(13,468)	(13,749)	(14,041)	(14,345)	(14,663)	(14,990)	(509,668)
Utility Operating Income	156	159	675	991	1,493	2,388	2,510	2,555	2,601	2,649	2,698	2,749	2,807	2,866	2,928	2,992	3,059	3,128	106,351
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(172)	(170)	(259)	(352)	(449)	(550)	(559)	(569)	(579)	(590)	(601)	(612)	(625)	(638)	(651)	(665)	(680)	(695)	(23,639)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	1,179	2,479	2,753	2,658	2,177	1,296	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(1,556)	(3,225)	(4,917)	(5,405)	(5,121)	(4,440)	(2,473)	(445)	(453)	(461)	(470)	(478)	(488)	(498)	(509)	(520)	(532)	(544)	(18 481)
Budget and Non Budget Taxes	(720)	0	0	0	0	0	(7)	(422)	(430)	(438)	(446)	(454)	(464)	(474)	(484)	(494)	(505)	(517)	(17,574)
Total Financial Costs and Taxes	(1,097)	(747)	(2,164)	(2,747)	(2,943)	(3,144)	(2,481)	(867)	(882)	(899)	(915)	(933)	(952)	(972)	(993)	(1,015)	(1,037)	(1,060)	(36,055)
Net Income	(941)	(587)	(1,488)	(1,756)	(1,451)	(756)	29	1,688	1,719	1,750	1,783	1,817	1,855	1,894	1,935	1,978	2,022	2,068	70,296
Adjustments for Cash Flow																			
Depreciation	133	133	46	92	137	137	137	137	137	137	137	137	137	137	137	137	137	137	4,667
Change In Working Capital [4]			(286)	(300)	(312)	(325)	(28)	(32)	(33)	(34)	(35)	(36)	(40)	(42)	(44)	(45)	(47)	(49)	
Capital Investments	0	0	(915)	(915)	(915)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	133	133	(1,155)	(1,123)	(1,090)	(188)	110	106	104	103	102	101	97	95	94	92	90	88	3,005
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	133	133	(1,155)	(1,123)	(1,090)	(188)	110	106	104	103	102	101	97	95	94	92	90	88	3,005
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(1 488)	(1 756)	(1,451)	(756)	36	2 110	2,148	2,188	2,229	2,271	2,318	2,368	2,419	2,472	2,527	2,584	87,870
Taxes on EBIT			0	0	0	0	(7)	(422)	(430)	(438)	(446)	(454)	(464)	(474)	(484)	(494)	(505)	(517)	(17,574)
Cash Flow Adjustments [5]			(1,155)	(1,123)	(1 090)	(188)	110	106	104	103	102	101	97	95	94	92	90	88	3,005
Adjusted Free Cash Flow			(2 644)	(2,879)	(2,541)	(944)	138	1,793	1,823	1,854	1,885	1,918	1 952	1 989	2,029	2,069	2,112	2,156	73,301
Discounted Adjusted Free Cash Flow			(2 115)	(1 843)	(1,301)	(386)	45	470	382	311	253	206	168	137	112	91	74	61	243

[1] The financial statements have been restated to reflect an IAS equivalent.
[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation).
[3] Based mainly on new investment only
[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.
[5] Includes depreciation, changes in working capital, investments and financial costs
[6] MWH Sold in 1998 90,812
[7] Number of Customers 15,251
[8] Market Value (GEL) (977,871)

Table 1
Qureli
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

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Operating Expenses	(0)	(2)	(3)	(5)	(11)
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Other Income	0	0	0	0	0
Other Expenses	(37)	(29)	(24)	(83)	(172)
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Unrealized Accounts Payable [1]	0	210	570	399	1,179
Unrealized Accounts Receivable [2]	0	(248)	(767)	(540)	(1,556)
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Total Financial Cost and Taxes	(145)	(240)	(403)	(444)	(1,232)
NET INCOME	(147)	(212)	(430)	(460)	(1,249)

[1] It is assumed that accounts receivable 90 days or older are written off and treated as income.
[2] It is assumed that accounts receivable 90 days or older are written off as bad debt expense

Table 2
Qureli
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	180	45.0	8.1	145	45.5	6.6	239	44.4	10.6	7,301	45.0	328.5	1,135	45.0	51.1
February	212	45.3	9.6	149	45.0	6.7	217	45.2	9.8	5,982	45.0	269.2	996	45.0	44.8
March	197	45.2	8.9	134	44.8	6.0	232	45.3	10.5	8,766	45.0	394.4	1,236	45.0	55.6
April	116	44.6	5.2	103	45.6	4.7	87	44.8	3.9	5,661	45.0	254.7	1,041	44.3	46.2
May	117	45.3	5.3	107	44.9	4.8	88	44.3	3.9	5,432	45.0	244.5	963	45.0	43.3
June	157	45.2	7.1	106	45.3	4.8	45	44.4	2.0	5,212	45.0	234.6	803	45.0	36.1
July	182	45.1	8.2	83	45.8	3.8	52	44.2	2.3	4,587	45.0	206.4	832	45.0	37.4
August	123	44.7	5.5	74	45.9	3.4	43	44.2	1.9	4,394	45.0	197.8	935	45.0	42.1
September	169	45.0	7.6	91	45.1	4.1	43	44.2	1.9	4,536	45.0	204.1	473	45.0	21.3
October	163	60.1	9.8	132	59.8	7.9	52	59.6	3.1	4,937	60.0	296.2	1,010	58.5	59.1
November	149	59.7	8.9	186	59.7	11.1	60	60.0	3.6	7,368	60.0	442.1	979	60.0	58.7
December	142	59.9	8.5	206	60.2	12.4	71	60.6	4.3	10,512	60.0	630.7	1,069	60.0	64.1

Table 3
Qureli
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	**MWH Purchased**	**GEL Paid Per MWH**	**Total Cost (000)**
January (1998)	12,766	33.0	421
February	8,396	33.0	277
March	11,739	33.0	387
April	7,786	33.0	257
May	7,452	33.0	246
June	7,026	33.0	232
July	6,373	33.0	210
August	6,551	33.0	216
September	6,248	33.0	206
October	7,403	42.0	311
November	10,284	42.0	432
December	13,334	42.0	560

Tables 4
Qureli
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
December	133	0	0	0	0	0	0	0	0	0	0	0	0	0	0	29

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	5	27	0	0	0	0	39
February	0	0	0	0	0	0	0	0	0	8	26	0	0	0	0	52
March	0	0	0	0	0	0	0	3	4	8	27	0	0	0	0	59
April	0	0	0	0	0	0	0	0	1	8	27	0	0	0	0	58
May	0	0	0	0	0	0	0	0	1	8	28	0	0	0	0	46
June	0	0	0	0	0	0	0	1	4	9	31	2	0	0	0	67
July	0	0	0	0	0	0	0	0	0	9	30	2	0	0	0	59
August	0	0	0	0	0	0	0	0	2	8	28	1	0	0	0	47
September	0	0	0	0	0	0	0	5	0	9	29	1	0	0	0	90
October	0	0	0	0	0	0	0	0	0	8	28	1	0	0	0	74
November	0	0	0	0	0	0	0	0	0	9	30	0	0	0	0	50
December	0	0	0	0	0	0	0	3	0	9	30	4	0	0	0	227

Table 5
Qureli
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	405	49	356					356	356
February	340	131	340	226				566	566
March	475	115	475	340	110			926	926
April	315	111	315	475	340	0		1,130	1,130
May	302	91	302	315	475	248	0	1,340	1,340
June	285	101	285	302	315	374	248	1,275	1,523
July	258	153	258	285	302	162	374	1,006	1,628
August	251	70	251	258	285	232	162	1,025	1,809
September	239	68	239	251	258	216	232	964	1,980
October	376	127	376	239	251	131	216	997	2,229
November	524	58	524	376	239	192	131	1,332	2,695
December	720	143	720	524	376	96	192	1,717	3,273

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6.*
- *9* *Cumulative accounts receivable without write-offs.*

Table 6
Qureli
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	421	48	373					373	373
February	277	123	277	250				527	527
March	387	115	387	277	135			799	799
April	257	111	257	387	277	23		945	945
May	246	90	246	257	387	187	23	1,077	1,100
June	232	101	232	246	257	286	187	1,021	1,231
July	210	152	210	232	246	105	286	793	1,289
August	216	67	216	210	232	179	105	837	1,438
September	206	73	206	216	210	159	179	792	1,572
October	311	127	311	206	216	83	159	816	1,755
November	432	59	432	311	206	157	83	1,106	2,128
December	560	163	560	432	311	43	157	1,346	2,525

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
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Table 1
Qelasi
Georgia Power Privatization
Income Statement for the Period Ending

(000 GEL)

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Net Sales	1,220	901	748	1,621	4,490
Operational Expenses					
Operating Expenses	(0)	(2)	(3)	(5)	(11)
Purchased Power	(1,086)	(735)	(633)	(1,303)	(3,756)
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Total Operating Expenses	(1,186)	(844)	(751)	(1,420)	(4,201)
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Depreciation	0	0	0	(133)	(133)
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Utility Operating Income	35	57	(3)	67	156
Other Income and Expenses					
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Other Expenses	(37)	(29)	(24)	(83)	(172)
Net Other Income	(37)	(29)	(24)	(83)	(172)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	210	570	399	1,179
Unrealized Accounts Receivable [2]	0	(248)	(767)	(540)	(1,556)
Budget and Non Budget Taxes	(145)	(173)	(181)	(220)	(720)
Total Financial Cost and Taxes	(145)	(240)	(403)	(444)	(1,232)
NET INCOME	(147)	(212)	(430)	(460)	(1,249)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**

[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 10
Qelasi
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual [1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement [2]																			
Net Sales	4,490	4,425	6,745	9,175	11,708	14,343	14,568	14,825	15,091	15,367	15,652	15,947	16,274	16,615	16,969	17,338	17,722	18,118	616,018
Operational Expenses																			
Operating Expenses	(11)	(11)	(157)	(355)	(514)	(577)	(586)	(597)	(607)	(619)	(630)	(642)	(655)	(669)	(684)	(699)	(714)	(730)	(24,832)
Purchased Power	(3,756)	(3,688)	(5,120)	(6,591)	(8,098)	(9,639)	(9,708)	(9,881)	(10,060)	(10,245)	(10,437)	(10,636)	(10,856)	(11,085)	(11,323)	(11,571)	(11,829)	(12,096)	(411,260)
Wages & Social Costs	(434)	(434)	(533)	(638)	(723)	(765)	(777)	(790)	(805)	(820)	(835)	(851)	(868)	(887)	(906)	(926)	(946)	(968)	(32,896)
Total Operating Expenses	(4,201)	(4,132)	(5,809)	(7,584)	(9,335)	(10,981)	(11,071)	(11,268)	(11,472)	(11,684)	(11,902)	(12,129)	(12,380)	(12,641)	(12,912)	(13,195)	(13,490)	(13,794)	(468,988)
Sales and Administrative Expenses	0	0	(215)	(509)	(743)	(837)	(850)	(865)	(881)	(897)	(914)	(931)	(951)	(971)	(991)	(1,013)	(1,036)	(1,059)	(36,013)
Depreciation [3]	(133)	(133)	(53)	(107)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	0
Total Operational Costs	(4,334)	(4,265)	(6,078)	(8,199)	(10,238)	(11,978)	(12,081)	(12,293)	(12,513)	(12,741)	(12,976)	(13,221)	(13,490)	(13,771)	(14,064)	(14,368)	(14,686)	(15,013)	(510,440)
Utility Operating Income	156	159	668	976	1,470	2,366	2,487	2,532	2,578	2,626	2,676	2,727	2,784	2,843	2,905	2,969	3,036	3,105	105,579
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(172)	(170)	(259)	(352)	(449)	(550)	(559)	(569)	(579)	(590)	(601)	(612)	(625)	(638)	(651)	(665)	(680)	(695)	(23,639)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	1,179	2,479	2,753	2,658	2,177	1,296	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(1,556)	(3,225)	(4,917)	(5,405)	(5,121)	(4,440)	(2,473)	(445)	(453)	(461)	(470)	(478)	(488)	(498)	(509)	(520)	(532)	(544)	(18,481)
Budget and Non Budget Taxes	(720)	0	0	0	0	0	(3)	(417)	(425)	(433)	(441)	(450)	(459)	(469)	(479)	(490)	(501)	(512)	(17,420)
Total Financial Costs and Taxes	(1,097)	(747)	(2,164)	(2,747)	(2,943)	(3,144)	(2,476)	(862)	(878)	(894)	(911)	(928)	(947)	(967)	(988)	(1,010)	(1,033)	(1,056)	(35,900)
Net Income	(941)	(587)	(1,496)	(1,771)	(1 473)	(779)	11	1,670	1,700	1,732	1,765	1,799	1,837	1,876	1,917	1,959	2,004	2,049	69,679
Adjustments for Cash Flow																			
Depreciation	133	133	53	107	160	160	160	160	160	160	160	160	160	160	160	160	160	160	5,439
Change In Working Capital [4]			(286)	(300)	(312)	(325)	(28)	(32)	(33)	(34)	(35)	(36)	(40)	(42)	(44)	(45)	(47)	(49)	
Capital Investments	0	0	(1,066)	(1,066)	(1 066)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	133	133	(1,299)	(1,259)	(1 219)	(165)	132	128	127	126	125	124	120	118	116	115	113	111	3,777
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	133	133	(1,299)	(1,259)	(1 219)	(165)	132	128	127	126	125	124	120	118	116	115	113	111	3,777
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(1,496)	(1 771)	(1,473)	(779)	13	2 087	2 126	2,165	2,206	2,248	2,296	2,345	2,396	2,449	2,504	2,562	87,098
Taxes on EBIT			0	0	0	0	(3)	(417)	(425)	(433)	(441)	(450)	(459)	(469)	(479)	(490)	(501)	(512)	(17,420)
Cash Flow Adjustments [5]			(1,299)	(1,259)	(1 219)	(165)	132	128	127	126	125	124	120	118	116	115	113	111	3,777
Adjusted Free Cash Flow			(2,795)	(3,031)	(2 692)	(944)	143	1,798	1,828	1,858	1 890	1,922	1,956	1 994	2,033	2,074	2,116	2,160	73,455
Discounted Adjusted Free Cash Flow			(2 236)	(1 940)	(1,378)	(386)	47	471	383	312	254	206	168	137	112	91	74	61	243

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 90,812

[7] Number of Customers 17,774

[8] Market Value (GEL) (1,144,820)

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Table 1
Qelasi
Georgia Power Privatization
Income Statement for the Period Ending

(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	1,220	901	748	1,621	4,490
Operational Expenses					
Operating Expenses	(0)	(2)	(3)	(5)	(11)
Purchased Power	(1,086)	(735)	(633)	(1,303)	(3,756)
Wages & Social Costs	(99)	(107)	(115)	(113)	(434)
Total Operating Expenses	(1,186)	(844)	(751)	(1,420)	(4,201)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	(133)	(133)
Total Operational Expenses	(1,186)	(844)	(751)	(1,553)	(4,334)
Utility Operating Income	35	57	(3)	67	156
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(37)	(29)	(24)	(83)	(172)
Net Other Income	(37)	(29)	(24)	(83)	(172)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	210	570	399	1,179
Unrealized Accounts Receivable [2]	0	(248)	(767)	(540)	(1,556)
Budget and Non Budget Taxes	(145)	(173)	(181)	(220)	(720)
Total Financial Cost and Taxes	(145)	(240)	(403)	(444)	(1,232)
NET INCOME	(147)	(212)	(430)	(460)	(1,249)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**

[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Qelasi
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	180	45.0	8.1	145	45.6	6.6	239	44.4	10.6	7,301	45.0	328.5	1,135	45.0	51.1
February	212	45.3	9.6	149	45.0	6.7	217	45.2	9.8	5,982	45.0	269.2	996	45.0	44.8
March	197	45.2	8.9	134	44.8	6.0	232	45.3	10.5	8,766	45.0	394.4	1,236	45.0	55.6
April	116	44.8	5.2	103	45.6	4.7	87	44.8	3.9	5,661	45.0	254.7	1,041	44.3	46.2
May	117	45.3	5.3	107	44.9	4.8	88	44.3	3.9	5,432	45.0	244.5	963	45.0	43.3
June	157	45.2	7.1	106	45.3	4.8	45	44.4	2.0	5,212	45.0	234.6	803	45.0	36.1
July	182	45.1	8.2	83	45.8	3.8	52	44.2	2.3	4,587	45.0	206.4	832	45.0	37.4
August	123	44.7	5.5	74	45.9	3.4	43	44.2	1.9	4,394	45.0	197.8	935	45.0	42.1
September	169	45.0	7.6	91	45.1	4.1	43	44.2	1.9	4,536	45.0	204.1	473	45.0	21.3
October	163	60.1	9.8	132	59.8	7.9	52	59.6	3.1	4,937	60.0	296.2	1,010	58.6	59.1
November	149	59.7	8.9	186	59.7	11.1	60	60.0	3.6	7,368	60.0	442.1	979	60.0	58.7
December	142	59.9	8.5	206	60.2	12.4	71	60.6	4.3	10,512	60.0	630.7	1,069	60.0	64.1

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Table 3
Qelasi
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	MWH Purchased	GEL Paid Per MWH	Total Cost (000)
January (1998)	12,766	33.0	421
February	8,396	33.0	277
March	11,739	33.0	387
April	7,786	33.0	257
May	7,452	33.0	246
June	7,026	33.0	232
July	6,373	33.0	210
August	6,551	33.0	216
September	6,248	33.0	206
October	7,403	42.0	311
November	10,284	42.0	432
December	13,334	42.0	560

Tables 4
Qelasi
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Capital Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
December	133	0	0	0	0	0	0	0	0	0	0	0	0	0	0	29

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 80-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	5	27	0	0	0	0	39
February	0	0	0	0	0	0	0	0	0	8	26	0	0	0	0	52
March	0	0	0	0	0	0	0	3	4	8	27	0	0	0	0	59
April	0	0	0	0	0	0	0	0	1	8	27	0	0	0	0	58
May	0	0	0	0	0	0	0	0	1	8	28	0	0	0	0	48
June	0	0	0	0	0	0	0	1	4	9	31	2	0	0	0	67
July	0	0	0	0	0	0	0	0	0	9	30	2	0	0	0	59
August	0	0	0	0	0	0	0	0	2	8	28	1	0	0	0	47
September	0	0	0	0	0	0	0	5	0	9	29	1	0	0	0	90
October	0	0	0	0	0	0	0	0	0	8	28	1	0	0	0	74
November	0	0	0	0	0	0	0	0	0	9	30	0	0	0	0	50
December	0	0	0	0	0	0	0	3	0	9	30	4	0	0	0	227

Table 5
Qelasi
Georgia Power Privatization
Determination and Aging of Accounts Receivable

(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	405	49	356					356	356
February	340	131	340	226				566	566
March	475	115	475	340	110			926	926
April	315	111	315	475	340	0		1,130	1,130
May	302	91	302	315	475	248	0	1,340	1,340
June	285	101	285	302	315	374	248	1,275	1,523
July	258	153	258	285	302	162	374	1,006	1,628
August	251	70	251	258	285	232	162	1,025	1,809
September	239	68	239	251	258	216	232	964	1,980
October	376	127	376	239	251	131	216	997	2,229
November	524	58	524	376	239	192	131	1,332	2,695
December	720	143	720	524	376	96	192	1,717	3,273

Sources: (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance*
- *7* *After 90 days the debt is written off and treated as income to the firm.*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs*

Table 6
Qelasi
Georgia Power Privatization
Determination and Aging of Accounts Payable

(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	421	48	373					373	373
February	277	123	277	250				527	527
March	387	115	387	277	135			799	799
April	257	111	257	387	277	23		945	945
May	246	90	246	257	387	187	23	1,077	1,100
June	232	101	232	246	257	286	187	1,021	1,231
July	210	152	210	232	246	105	286	793	1,289
August	216	67	216	210	232	179	105	837	1,438
September	206	73	206	216	210	159	179	792	1,572
October	311	127	311	206	216	83	159	816	1,755
November	432	59	432	311	206	157	83	1,106	2,128
December	560	163	560	432	311	43	157	1,346	2,525

Sources (By Column)

- *1* *Actual figures provided by company*
- *2* *Actual figures provided by company*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm.*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs*

Rustavi

Form #1

(000 GEL)

Assets	Row no.	1/1/98	3/31/98	6/31/98	9/31/98	12/31/98
I. Contributions Not Paid Yet to the Enterprise Charter Capital (75)						
Including: Contributions With the Expired Date Due	10	0	0	0	0	0
	11	0	0	0	0	0
	12	0	0	0	0	0
Total for Section I	20	0	0	0	0	0
II. Capital Employed						
Fixed assets:						
Land with Buildings (01)	30	0	0	0	0	0
Land Without Buildings (01)	40	0	0	0	0	0
Buildings and Premises on Other's Land (01)	50	0	0	0	0	0
Machines, Equipment Facilities and Automobiles (01)	60	0	0	0	0	0
Store and Office Supplies (01)	70	0	0	0	0	0
Perennials (01)	80	0	0	0	0	0
Other Fixed Assets (01,03)	90	0	0	0	0	0
Equipment to be Installed (07)	100	0	0	0	0	0
Capital Investments in Work (08)	110	0	0	0	0	0
Long term financial investments (06)	111	0	0	0	0	0
Intangible Asset:						
Concessions, Intellectual Property and Licenses (04)	120	0	0	0	0	0
Firm Value (Goodwill) (04)	130	0	0	0	0	0
Other Intangible Assets (04)	140	0	0	0	0	0
	141	0	0	0	0	0
Investments:		0	0	0	0	0
Participation in Other Companies (06)	150	0	0	0	0	0
Bond and Securities (06)	160	0	0	0	0	0
Loans Issued for More than 1 Year (06)	170	0	0	0	0	0
Including: Those Under Land Mortgage	171	0	0	0	0	0
	172	0	0	0	0	0
Section II in Total	180	0	0	0	0	0
III. Capital Employed						
Stock:						
Supplies (10, 15, 16)	190	0	0	0	0	0
Low Price and Usable Items (12)	200	0	0	0	0	0
Cattle (11)	210	0	0	0	0	0
Production in Progress (20,21,23,29,30,36,44)	220	0	0	0	0	0
Finished Product (40)	230	0	0	0	0	0
Goods (41)	240	0	0	0	0	0
Value Added Tax on Purchased Valuables (19)	250	0	0	0	0	0
	251	0	0	0	0	0
Other Working Assets:						
Unearned Revenues Paid to Suppliers and Lessors (61)	260	0	0	0	0	0
Claims From Supply and Service (45,62,76)	270	0	0	0	0	0
Received (62)	280	0	0	0	0	0
Checks (55)	290	0	0	0	0	0
Cash in Hand (50)	300	0	0	0	0	0
Money in Bank Accounts (51)	310	0	0	0	0	0
Currency Accounts (52)	320	0	0	0	0	0
Other Money (55, 56, 57)	330	0	0	0	0	0
Short Term Investments (58)	340	0	0	0	0	0
Claims Against Affiliates (78)	350	0	0	0	0	0
Claims from Credit Issued to Managers and Supervisory Council (73)	360	0	0	0	0	0
Claims from Credit Issued to Enterprise Partners (73)	370	0	0	0	0	0
Other Working Assets (09,63,71,73,76)	380	0	0	0	0	0
	381	0	0	0	0	0
Section III in Total	390	0	0	0	0	0
IV. Expense of Future Periods (31)	400	0	0	0	0	0
Balance (total of 020, 180,390,400)	410	0	0	0	0	0

Equity and Liabilities	Row no.	1/1/98	3/31/98	6/31/98	9/31/98	12/31/98
I. Owner's Equity						
Statutory capital (85)	500	0	0	0	0	0
Reserves (86)	510	0	0	0	0	0
Target Financing (96)	520	0	0	0	0	0
Retained Earnings of Past Years (87)	530	0	0	0	0	0
Uncovered Loss of Past Years (87)	540	0	0	0	0	0
Loss of Fiscal Year (87)	550	0	0	0	0	0
Earnings:						
of the Fiscal Year (80)*	560	0	0	0	0	0
Used (81)**	570	0	0	0	0	0
Retained Earnings of Fiscal Year (87)	580	0	0	0	0	0
	581	0	0	0	0	0
Section I in Total	590	0	0	0	0	0
II. Allowance						
Allowance for Doubtful Claims (82)	600	0	0	0	0	0
Allowance for Expected Expenditures and Payments (89)	610	0	0	0	0	0
Section II in Total	620	0	0	0	0	0
III. Attracted Capital and Other Liabilities						
Short Term Liabilities with Banks (92)	630	0	0	0	0	0
Long Term Liabilities with Banks (90)	640	0	0	0	0	0
Including : Land Under Mortgage	641	0	0	0	0	0
Long term Loans (95)	650	0	0	0	0	0
Short Term Loans (94)	660	0	0	0	0	0
Liabilities To Supply and Services According to Notes (60,76)	670	0	0	0	0	0
According to Notes (60)	680	0	0	0	0	0
Unearned Payment (64)	690	0	0	0	0	0
Liabilities to Affiliates (78)	700	0	0	0	0	0
Liabilities To Budget (75)	710	0	0	0	0	0
Liabilities To Employees (70)	720	0	0	0	0	0
Liabilities to the Budget (68)	730	0	0	0	0	0
Liabilities to Social Welfare (69)	740	0	0	0	0	0
Other Liabilities (65,67,97)	750	0	0	0	0	0
	751	0	0	0	0	0
Section III in Total	760	0	0	0	0	0
IV. Gains for Future Periods (83)	770	0	0	0	0	0
Balance (590, 620, 760, 770)	780	0	0	0	0	0

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Table 10
Rustavi
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual[1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement[2]																			
Net Sales	*3,760*	*3,700*	*5,768*	*7,947*	*10,235*	*12,633*	*12,914*	*13,280*	*13,664*	*14,066*	*14,489*	*14,933*	*15,431*	*15,955*	*16,506*	*17,087*	*17,698*	*18,330*	*623,227*
Operational Expenses																			
Operating Expenses	0	0	(131)	(309)	(452)	(511)	(522)	(537)	(553)	(570)	(587)	(605)	(626)	(647)	(670)	(694)	(719)	(745)	(25,320)
Purchased Power	(3,560)	(3,494)	(4,771)	(6,056)	(7,348)	(8,648)	(8,649)	(8,898)	(9,159)	(9,433)	(9,722)	(10,025)	(10,363)	(10,719)	(11,093)	(11,488)	(11,904)	(12,334)	(419,340)
Wages & Social Costs	0	0	(173)	(410)	(599)	(677)	(692)	(712)	(733)	(755)	(778)	(802)	(829)	(857)	(887)	(919)	(952)	(987)	(33,543)
Total Operating Expenses	(3,560)	(3,494)	(5,075)	(6,775)	(8,400)	(9,835)	(9,863)	(10,147)	(10,445)	(10,757)	(11,086)	(11,432)	(11,817)	(12,223)	(12,650)	(13,101)	(13,575)	(14,065)	(478,202)
Sales and Administrative Expenses	0	0	(189)	(448)	(656)	(741)	(757)	(779)	(802)	(826)	(851)	(878)	(907)	(939)	(971)	(1,006)	(1,042)	(1,080)	(36,720)
Depreciation[3]	0	0	(120)	(240)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	0
Total Operational Costs	(3,560)	(3,494)	(5,384)	(7,463)	(9,415)	(10,935)	(10,980)	(11,285)	(11,606)	(11,943)	(12,297)	(12,669)	(13,084)	(13,521)	(13,981)	(14,466)	(14,977)	(15,504)	(527,148)
Utility Operating Income	200	206	384	484	820	1,698	1,934	1,995	2,058	2,123	2,192	2,264	2,347	2 433	2,525	2,620	2,721	2,826	96,080
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	333	1,272	1,390	1,323	1,070	630	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(687)	(1,983)	(3,092)	(3,455)	(3,292)	(2,936)	(1,694)	(398)	(410)	(422)	(435)	(448)	(463)	(479)	(495)	(513)	(531)	(550)	(18,697)
Budget and Non Budget Taxes	0	0	0	0	0	0	(48)	(319)	(330)	(340)	(351)	(363)	(377)	(391)	(406)	(422)	(438)	(455)	(15,477)
Total Financial Costs and Taxes	(354)	(711)	(1,702)	(2,132)	(2,221)	(2,306)	(1,742)	(718)	(739)	(762)	(786)	(811)	(840)	(870)	(901)	(934)	(969)	(1,005)	(34,173)
Net Income	(154)	(505)	(1,318)	(1,648)	(1,402)	(608)	192	1,277	1,318	1,361	1,406	1,453	1,507	1,564	1 624	1,686	1,752	1,821	61,906
Adjustments for Cash Flow																			
Depreciation	0	0	120	240	360	360	360	360	360	360	360	360	360	360	360	360	360	360	12,225
Change in Working Capital[4]			(255)	(269)	(282)	(296)	(35)	(45)	(47)	(50)	(52)	(55)	(61)	(65)	(68)	(72)	(75)	(78)	
Capital Investments	0	0	(2,397)	(2,397)	(2,397)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	0	0	(2,532)	(2,426)	(2,320)	64	325	314	312	310	307	305	298	295	292	288	284	282	9,577
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	0	0	(2,532)	(2,426)	(2,320)	64	325	314	312	310	307	305	298	295	292	288	284	282	9,577
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(1,318)	(1,648)	(1,402)	(608)	240	1,596	1,648	1,701	1,757	1,816	1,884	1,955	2,029	2,108	2,190	2,276	77,383
Taxes on EBIT			0	0	0	0	(48)	(319)	(330)	(340)	(351)	(363)	(377)	(391)	(406)	(422)	(438)	(455)	(15,477)
Cash Flow Adjustments[5]			(2,532)	(2,426)	(2,320)	64	325	314	312	310	307	305	298	295	292	288	284	282	9,577
Adjusted Free Cash Flow			(3,850)	(4,074)	(3,721)	(545)	517	1,591	1,630	1,671	1,713	1,758	1,805	1,859	1,915	1,974	2,036	2,102	71,483
Discounted Adjusted Free Cash Flow			(3,080)	(2,607)	(1,905)	(223)	169	417	342	280	230	189	155	128	105	87	72	59	237

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only.

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs.

[6] MWH Sold in 1998 80,003

[7] Number of Customers 39,952

[8] Market Value (GEL) (2 266 062)

Table 1
Rustavi
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	879	858	683	1,339	3,760
Operational Expenses					
Operating Expenses	0	0	0	0	0
Purchased Power	(1,009)	(701)	(607)	(1,243)	(3,560)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	(1,009)	(701)	(607)	(1,243)	(3,560)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(1,009)	(701)	(607)	(1,243)	(3,560)
Utility Operating Income	(130)	157	76	97	200
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	0	0	0	0	0
Net Other Income	0	0	0	0	0
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	37	295	333
Unrealized Accounts Receivable [2]	0	0	(227)	(460)	(687)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	0	(190)	(164)	(354)
NET INCOME	(130)	157	(114)	(68)	(154)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 2
Rustavi
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	676	45 0	30 5	312	45.0	14.0	722	45.0	32.5	750	45.0	33.8	1,348	45 0	60.7
February	289	45.0	13.0	352	45.0	15.8	708	45 0	31.9	3,681	45.0	165.7	1,207	45.0	54.3
March	656	45.0	29.5	394	45.0	17.7	671	45.0	30.2	5,606	45.0	252.3	2,160	45 0	97.2
April	435	45.0	19 6	359	45 0	16.2	358	45 0	16.1	1,831	45.0	82.4	2,068	45.0	93.1
May	397	45.0	17.9	184	45.0	8.3	335	45 0	15 1	4,364	45.0	196.4	1,641	45.0	73.9
June	323	45.0	14.5	323	45.0	14.6	263	45.0	11.9	4,622	45.0	208.0	1,571	45 0	70.7
July	281	45.0	12.6	236	45 0	10 6	235	45.0	10.6	3,206	45.0	144.3	151	45.0	6.8
August	199	45 0	8.9	270	45.0	12.1	217	45 0	9 7	2,900	45.0	130.5	1,509	45.0	67.9
September	349	45 0	15.7	402	45 0	18.1	249	45.0	11.2	3,541	45.0	159.3	1,438	45.0	64.7
October	797	45.0	35 9	353	45 0	15.9	281	45.0	12.7	3,917	45.0	176.2	1,778	45.0	80.0
November	455	45.0	20.5	227	45.0	10.2	473	45 0	21.3	5,667	45.0	255 0	1,588	45.0	71.5
December	1,177	60 0	70.6	300	60 0	18 0	561	60.0	33.7	6,984	60.0	419.0	1,650	60.0	99 0

Table 3
Rustavi
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	**MWH Purchased**	**GEL Paid Per MWH**	**Total Cost (000)**
January (1998)	12,428	33.0	410
February	7,597	33.0	251
March	10,543	33.0	348
April	5,613	33.0	185
May	7,680	33.0	253
June	7,959	33.0	263
July	6,073	33.0	200
August	5,690	33.0	188
September	6,643	33.0	219
October	7,910	42.0	332
November	9,557	42.0	401
December	12,128	42.0	509

Tables 4
Rustavi
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 5
Rustavi
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	171	59	112					112	112
February	281	44	281	68				349	349
March	427	313	427	36	0			463	463
April	227	47	227	416	0	0		644	644
May	312	225	312	227	191	0	0	730	730
June	320	216	320	312	203	0	0	834	834
July	185	137	185	320	312	66	0	882	882
August	229	150	229	185	320	162	66	895	961
September	269	82	269	229	185	237	162	920	1,148
October	321	97	321	269	229	88	237	907	1,372
November	378	95	378	321	269	134	88	1,102	1,655
December	640	280	640	378	310	0	134	1,328	2,016

Sources: (By Column)

1	*Actual figures provided by company*
2	*Actual figures provided by company.*
3	*Column 1 -Column 2*
4-6	*Assumed that money paid goes first to the oldest unpaid balance*
7	*After 90 days the debt is written off and treated as income to the firm.*
8	*Sum of columns 3, 4, 5, and 6*
9	*Cumulative accounts receivable without write-offs*

Table 6
Rustavi
Georgia Power Privatization
Determination and Aging of Accounts Payable

(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	410	83	327					327	327
February	251	65	251	261				512	512
March	348	352	348	160	0			508	508
April	185	69	185	348	91	0		624	624
May	253	247	253	185	192	0	0	631	631
June	263	257	263	253	121	0	0	637	637
July	200	162	200	263	212	0	0	675	675
August	188	175	188	200	263	37	0	688	688
September	219	111	219	188	200	152	37	759	797
October	332	125	332	219	188	75	152	815	1,004
November	401	119	401	332	219	68	75	1,021	1,286
December	509	499	509	401	53	0	68	963	1,296

Sources. (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6*
- *9* *Cumulative accounts receivable without write-offs*

Table 1
Sachxere
Georgia Power Privatization
Income Statement for the Period Ending

(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	106	144	135	117	501
Operational Expenses					
Operating Expenses	(14)	(13)	(10)	(5)	(42)
Purchased Power	(78)	(105)	(99)	(99)	(382)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	(92)	(118)	(109)	(104)	(424)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	(61)	(61)
Total Operational Expenses	(92)	(118)	(109)	(164)	(484)
Utility Operating Income	14	26	26	(48)	17
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	0	(0)	(1)	0	(1)
Net Other Income	0	(0)	(1)	0	(1)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	(46)	(46)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	(0)	(1)	(46)	(47)
NET INCOME	14	25	24	(94)	(31)

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**

[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

Table 10
Sachxere
Georgia Power Privatization
Projected Income Statement for Distribution Assets
(GEL 000)

	Actual [1] 1998	1999	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 2010	12 2011	13 2012	14 2013	15 2014	16 2015	2016-2048
Projected Income Statement [2]																			
Net Sales	501	499	778	1,069	1,372	1,686	1,712	1,742	1,774	1,807	1,842	1,879	1,914	1 951	1,989	2,029	2,071	2,113	71,835
Operational Expenses																			
Operating Expenses	(42)	(42)	(50)	(58)	(65)	(68)	(69)	(71)	(72)	(73)	(75)	(76)	(78)	(79)	(81)	(83)	(85)	(86)	(2,937)
Purchased Power	(382)	(382)	(543)	(717)	(905)	(1,107)	(1,150)	(1,171)	(1,193)	(1,216)	(1,240)	(1,266)	(1,291)	(1,316)	(1,343)	(1,372)	(1,401)	(1,431)	(48,641)
Wages & Social Costs	0	0	(24)	(55)	(81)	(91)	(92)	(94)	(95)	(97)	(99)	(101)	(103)	(105)	(107)	(110)	(112)	(114)	(3,891)
Total Operating Expenses	(424)	(424)	(617)	(831)	(1,050)	(1,266)	(1,311)	(1,335)	(1,360)	(1,387)	(1,414)	(1,444)	(1,472)	(1,501)	(1,532)	(1,564)	(1,598)	(1,631)	(55,469)
Sales and Administrative Expenses	0	0	(26)	(61)	(88)	(99)	(101)	(103)	(104)	(106)	(109)	(111)	(113)	(115)	(118)	(120)	(123)	(125)	(4,259)
Depreciation [3]	(61)	(61)	(36)	(71)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	0
Total Operational Costs	(484)	(484)	(678)	(962)	(1,245)	(1,471)	(1,518)	(1,544)	(1,571)	(1,600)	(1,630)	(1,661)	(1,691)	(1,723)	(1,756)	(1,791)	(1,827)	(1,863)	(63,350)
Utility Operating Income	17	14	100	107	127	215	194	199	203	208	212	217	222	227	233	238	244	250	8,485
Other Income and Expenses																			
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(1)	(1)	(2)	(2)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(165)
Net Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs and Taxes																			
Unrealized Accounts Payable	0	108	123	122	102	63	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Accounts Receivable	(46)	(190)	(296)	(332)	(313)	(287)	(171)	(52)	(53)	(54)	(55)	(56)	(57)	(59)	(60)	(61)	(62)	(63)	(2,155)
Budget and Non Budget Taxes	0	0	0	0	0	0	(5)	(29)	(30)	(31)	(31)	(32)	(33)	(34)	(35)	(35)	(36)	(37)	(1,266)
Total Financial Costs and Taxes	(46)	(82)	(173)	(210)	(211)	(224)	(176)	(82)	(83)	(85)	(87)	(89)	(90)	(92)	(94)	(96)	(98)	(101)	(3,421)
Net Income	(29)	(68)	(73)	(104)	(84)	(10)	18	117	120	123	126	129	132	135	138	142	145	149	5,064
Adjustments for Cash Flow																			
Depreciation	61	61	36	71	107	107	107	107	107	107	107	107	107	107	107	107	107	107	3,622
Change In Working Capital [4]			(34)	(36)	(37)	(39)	(3)	(4)	(4)	(4)	(4)	(5)	(4)	(5)	(5)	(5)	(5)	(5)	
Capital Investments	0	0	(710)	(710)	(710)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Cash Flow Available to Investors	61	61	(709)	(675)	(641)	68	103	103	103	102	102	102	102	102	102	102	101	101	3,447
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / Amount Financed	61	61	(709)	(675)	(641)	68	103	103	103	102	102	102	102	102	102	102	101	101	3,447
Valuation																			
Earnings Before Interest and Taxes (EBIT)			(73)	(104)	(84)	(10)	23	146	150	153	157	161	165	169	173	177	182	186	6,329
Taxes on EBIT			0	0	0	0	(5)	(29)	(30)	(31)	(31)	(32)	(33)	(34)	(35)	(35)	(36)	(37)	(1,266)
Cash Flow Adjustments [5]			(709)	(675)	(641)	68	103	103	103	102	102	102	102	102	102	102	101	101	3,447
Adjusted Free Cash Flow			(782)	(779)	(725)	58	122	220	222	225	228	231	234	237	240	243	247	250	8,510
Discounted Adjusted Free Cash Flow			(626)	(498)	(371)	24	40	58	47	38	31	25	20	16	13	11	9	7	28

[1] The financial statements have been restated to reflect an IAS equivalent.

[2] Projected Income Statement is in real GEL (1998) and does not reflect changes in purchasing power (inflation)

[3] Based mainly on new investment only.

[4] Assumed to be the difference in current vs prior year sales times 45 days sales in accounts receivable.

[5] Includes depreciation, changes in working capital, investments and financial costs

[6] MWH Sold in 1998 10,917

[7] Number of Customers 11,836

[8] Market Value (GEL) (504 327)

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Table 1
Sachxere
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	106	144	135	117	501
Operational Expenses					
Operating Expenses	(14)	(13)	(10)	(5)	(42)
Purchased Power	(78)	(105)	(99)	(99)	(382)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	(92)	(118)	(109)	(104)	(424)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	(61)	(61)
Total Operational Expenses	(92)	(118)	(109)	(164)	(484)
Utility Operating Income	14	26	26	(48)	17
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	0	(0)	(1)	0	(1)
Net Other Income	0	(0)	(1)	0	(1)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	(46)	(46)
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	(0)	(1)	(46)	(47)
NET INCOME	14	25	24	(94)	(31)

[1] It is assumed that accounts receivable 90 days or older are written off and treated as income.
[2] It is assumed that accounts receivable 90 days or older are written off as bad debt expense

Table 2
Sachxere
Georgia Power Privatization
Sales of Electricity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)	Total Sold (MWH)	Average Price (GEL per Unit)	Total Sales (000 GEL)
		Industrial			Local Budget			Central Budget			Residential			Other	
January (1998)	141	45.0	6.4	1	45.0	0.0	0	0.0	0.0	755	45.0	34.0	0	0.0	0.0
February	126	45.0	5.7	0	0.0	0.0	0	0.0	0.0	515	45.0	23.2	0	0.0	0.0
March	88	45.0	4.0	10	45.0	0.5	0	0.0	0.0	728	45.0	32.7	0	0.0	0.0
April	82	45.0	3.7	0	0.0	0.0	0	0.0	0.0	974	45.0	43.8	0	0.0	0.0
May	62	45.0	2.8	9	45.0	0.4	0	0.0	0.0	854	45.0	38.4	0	0.0	0.0
June	95	45.0	4.3	2	45.0	0.1	0	0.0	0.0	1,112	45.0	50.0	0	0.0	0.0
July	75	45.0	3.4	2	45.0	0.1	0	0.0	0.0	1,056	45.0	47.5	0	0.0	0.0
August	94	45.0	4.2	2	45.0	0.1	141	45.0	6.3	870	45.0	39.1	0	0.0	0.0
September	99	45.0	4.5	4	45.0	0.2	0	0.0	0.0	657	45.0	29.6	0	0.0	0.0
October	85	45.0	3.8	3	45.0	0.1	0	0.0	0.0	755	45.0	34.0	0	0.0	0.0
November	66	45.0	3.0	2	45.0	0.1	0	0.0	0.0	781	45.0	35.1	0	0.0	0.0
December	67	60.0	4.0	11	60.0	0.7	0	0.0	0.0	595	60.0	35.7	0	0.0	0.0

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Table 3
Sachxere
Georgia Power Privatization
Electricity Purchases

	Electricity Purchased		
Month	**MWH Purchased**	**GEL Paid Per MWH**	**Total Cost (000)**
January (1998)	897	33.0	30
February	640	33.0	21
March	826	33.0	27
April	1,056	33.0	35
May	924	33.0	30
June	1,209	33.0	40
July	1,133	33.0	37
August	1,106	33.0	36
September	761	33.0	25
October	843	42.0	35
November	849	42.0	36
December	673	42.0	28

Tables 4
Sachxere
Georgia Power Privatization
Main Production Costs
(000 GEL)

Month	Depreciation 2	Leased Assets 3	Low Value Assets 13	Basic Production 20	Semi Finished Goods 21	Auxiliary Production 23	General Production Cost 25	General Administrative Cost 26	Defective Products 28	Service Sector 29	Non Captial Work 30	Prepaid Expenses 31	Sales Expenses 43	Distribution Costs 44	Other Income 47, 48	Other Expenses 1-50
January (1998)	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
August	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December	61	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1

	Money Assets 50-58	Settlements Suppliers 60	Settlements Advances Paid 61	Settlements Buyers 62	Settlements Claims 63	Settlements Advances Rec 64	Settlements Insurance 65	Settlements Non State 67	Settlements Payments 68	Settlements Social Ins 69	Settlements Labor 70	Settlements Acc. Persons 71	Settlements Employees 73	Settlements Founders 75	Settlements Other 60-79	Payment Budget 81
January (1998)	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0

Table 5
Sachxere
Georgia Power Privatization
Determination and Aging of Accounts Receivable
(000 GEL)

Month	1 Total Sales of Electricity (000 GEL)	2 Realization Received (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Receivable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
January	40	25	16					16	16
February	29	39	5	0				5	5
March	37	31	12	0	0			12	12
April	48	26	33	0	0	0		33	33
May	42	37	38	0	0	0	0	38	38
June	54	58	34	0	0	0	0	34	34
July	51	16	51	18	0	0	0	69	69
August	50	17	50	51	1	0	0	102	102
September	34	37	34	50	15	0	0	99	99
October	38	10	38	34	50	5	0	127	127
November	38	9	38	38	34	41	5	151	157
December	40	6	40	38	38	28	41	145	191

Sources. (By Column)

- *1* *Actual figures provided by company.*
- *2* *Actual figures provided by company.*
- *3* *Column 1 -Column 2*
- *4-6* *Assumed that money paid goes first to the oldest unpaid balance.*
- *7* *After 90 days the debt is written off and treated as income to the firm*
- *8* *Sum of columns 3, 4, 5, and 6.*
- *9* *Cumulative accounts receivable without write-offs.*

Table 6
Sachxere
Georgia Power Privatization
Determination and Aging of Accounts Payable
(000 GEL)

Month	1 Total Expenses of Electricity (000 GEL)	2 Realization Paid (000 GEL)	3 End of Month Unpaid Balance (000 GEL)	4 30 Days Unpaid Balance (000 GEL)	5 60 Days Unpaid Balance (000 GEL)	6 90 Days Unpaid Balance (000 GEL)	7 Write-Offs (000 GEL)	8 Total Electric Payable (000 GEL)	9 Receivable Without Write-Offs (000 GEL)
Janurary	30	24	5					5	5
February	21	38	(12)	0				(12)	(12)
March	27	29	(14)	0	0			(14)	(14)
April	35	24	(3)	0	0	0		(3)	(3)
May	30	33	(5)	0	0	0	0	(5)	(5)
June	40	57	(22)	0	0	0	0	(22)	(22)
July	37	14	1	0	0	0	0	1	1
August	36	11	27	0	0	0	0	27	27
September	25	30	22	0	0	0	0	22	22
October	35	6	35	16	0	0	0	51	51
November	36	4	36	35	11	0	0	83	83
December	28	3	28	36	35	9	0	108	108

Sources: (By Column)

1 Actual figures provided by company.
2 Actual figures provided by company.
3 Column 1 -Column 2
4-6 Assumed that money paid goes first to the oldest unpaid balance
7 After 90 days the debt is written off and treated as income to the firm.
8 Sum of columns 3, 4, 5, and 6.
9 Cumulative accounts receivable without write-offs.

Table 1
Signagi
Georgia Power Privatization
Income Statement for the Period Ending
(000 GEL)

UTILITY OPERATING INCOME	3/31/98	6/31/98	9/31/98	12/31/98	Annual
Net Sales	98	135	146	150	529
Operational Expenses					
Operating Expenses	(2)	(3)	(3)	(4)	(12)
Purchased Power	(72)	(99)	(107)	(107)	(385)
Wages & Social Costs	0	0	0	0	0
Total Operating Expenses	(73)	(102)	(110)	(111)	(397)
Sales & Administrative	0	0	0	0	0
Depreciation	0	0	0	0	0
Total Operational Expenses	(73)	(102)	(110)	(111)	(397)
Utility Operating Income	24	33	36	39	132
Other Income and Expenses					
Other Income	0	0	0	0	0
Other Expenses	(29)	(14)	(4)	(4)	(50)
Net Other Income	(29)	(14)	(4)	(4)	(50)
Financial Costs and Taxes					
Unrealized Accounts Payable [1]	0	0	0	0	0
Unrealized Accounts Receivable [2]	0	0	0	0	0
Budget and Non Budget Taxes	0	0	0	0	0
Total Financial Cost and Taxes	0	(14)	(4)	(4)	(22)
NET INCOME	(4)	5	28	31	60

[1] **It is assumed that accounts receivable 90 days or older are written off and treated as income.**
[2] **It is assumed that accounts receivable 90 days or older are written off as bad debt expense**

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